

This document may be called **Participant's Membership Document** (hereinafter referred to interchangeably as "scheme or "policy") as defined in the Takaful Rules, 2012.

Contractors' All Risk TAKAFUL POLICY

PREAMBLE

This is to acknowledge that the applicant (hereinafter called the 'Participant'), as more fully described in the schedule hereto:

- i. Is accepted as a member of the Participants' Takaful Fund (hereinafter called the 'Fund') operated by Alfalah Insurance Company Limited (Window Takaful Operations) (hereinafter called 'Operator').
- ii. Being a member of the Fund, he/she is acknowledged as a beneficiary under the attached Indemnity Policy of the Fund and of the benefits declared by the Fund from time to time under this policy, in accordance with the Waqf Rules governing the Fund.
- iii. Subject to the participant continuing as a member of the Fund and complying with his/her undertaking under his/her declaration made in the proposal form he/she is indemnified by the Fund as one of its beneficiaries against the perils/events described, in the manner and to the extent as stated hereunder:

CONDITIONS PRECEDENT

- i. No payment in respect of any Contribution shall be deemed to be payment to the Operator unless a printed form of receipt for the same, signed by an authorized official of the Operator, shall have been given to the Participant.
- ii. Notwithstanding anything above cover under this policy shall not commence until the Contribution, as stated in the schedule hereof, has been paid or guaranteed to be paid in the manner as stated in the schedule or as expressly agreed and stated therein.

Whereas the Participant named in the Schedule hereto has made to the Alfalah Insurance Company Limited (Window Takaful Operations) (hereinafter called the "Operators") a written proposal by completing a questionnaire which together with any other statements made in writing by the Participant for the purpose of this Policy is deemed to be incorporated herein,

Now this Policy of Takaful witnesses that subject to the Participant having paid to the Operators the contribution mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon the Operators will indemnify the Participant in the manner and to the extent hereinafter provided.

GENERAL EXCLUSIONS

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

- a) war, invasion, act of foreign enemy, hostilities (whether war be declared or not),

civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lockout, civil commotion, military or usurped power, a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;

b) nuclear reaction, nuclear radiation or radioactive contamination;

c) wilful act or wilful negligence of the Participant or of his representatives;

d) cessation of work whether total or partial.

In any action, suit or other proceeding where the Operators allege that by reason of the provisions of Exclusion a) above any loss, destruction, damage or liability is not covered by this policy the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Participant.

PERIOD OF COVER

The liability of the Operators shall commence, notwithstanding any date to the contrary specified in the Schedule, directly upon commencement of work or after the unloading of the items entered in the Schedule at the site. The Operators' liability expires for parts of the covered contract works taken over or put into service.

At the latest the policy shall expire on the date specified in the Schedule. Any extensions of the period of policy are subject to the prior written consent of the Operators.

GENERAL CONDITIONS

1. The due observance and fulfillment of the terms of this policy in so far as they relate to anything to be done or complied with by the Participant and the truth of the statements and answers in the questionnaire and proposal made by the Participant shall be condition precedent to any liability of the Operators.
2. 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.
3. The Participant shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Operators to prevent loss, damage or liability and comply with statutory requirements and manufacturers' recommendations.
4. a) Representatives of the Operators shall at any reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of the Operators with all details and information necessary for the assessment of the risk.

b) The Participant shall immediately notify the Operators by telegram and in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require, and the scope of cover and/or contribution shall, if necessary, be adjusted accordingly.

No material alteration shall be made or admitted by the Participant whereby the risk is increased, unless the continuance of the policy is confirmed in writing by the Operators.

5. In the event of any occurrence which might give rise to a claim under this Policy, the Participant shall
 - a) immediately notify the Operators by telephone or telegram as well as in writing, giving an indication as to the nature and extent of loss or damage;
 - b) take all steps within his power to minimize the extent of the loss or damage;
 - c) preserve the parts affected and make them available for inspection by a representative or surveyor of the Operators;
 - d) furnish all such information and documentary evidence as the Operators may require;
 - e) inform the police authorities in case of loss or damage due to theft or burglary.

The Operators shall not in any case be liable for loss, damage or liability of which no notice has been received by the Operators within 14 days of its occurrence.

Upon notification being given to the Operators under this condition, the Participant may carry out the repairs or replacement of any minor damage; in all other cases a representative of the Operator shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Operators does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Participant is entitled to proceed with the repairs or replacement.

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

6. The Participant shall at the expense of the Operators do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Operators in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those covered under this Policy) to which the Operators are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Policy, whether such acts and things are or become necessary or required before or after the Participant's indemnification by the Operators.
7. If any difference arises 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 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 the latter enter 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 Operators.
8. If a claim is in any respect fraudulent, or if any false declaration is made or used

in support thereof, or if any fraudulent means or devices are used by the Participant or anyone acting on his behalf to obtain any benefit under this Policy, or if a claim is made and rejected and no action or suit is commenced within three months after such rejection or, in the case of arbitration taking place as provided herein, within three months after the arbitrator or arbitrators or umpire have made their award, all benefit under this Policy shall be forfeited.

9. If at the time any claim arises under the Policy there is any other policy covering the same loss, damage or liability, the Operators shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss, damage or liability.

SECTION 1- MATERIAL DAMAGE

The Operators hereby agree with the Participant that if at any time during the period of cover the items or any part thereof entered in the Schedule 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 Operators will indemnify the Participant 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 Schedule the sum set opposite thereto 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 covered hereby.

The Operators will also reimburse the Participant for the cost of clearance of debris following upon any event giving rise to a claim under this Policy provided a separate sum therefor has been entered in the Schedule.

Special exclusions to Section 1 The Operators shall not, however, be liable for

- a) the deductible stated in the Schedule to be borne by the Participant in any one occurrence;
- b) consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract;
- c) loss or damage due to faulty design;
- d) 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;
- e) wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions;
- f) loss or damage to construction plant, equipment and construction machinery due to electrical or mechanical breakdown, failure, breakage or derangement, freezing of coolant or other fluid, defective lubrication or lack of oil or coolant, but if as a consequence of such breakdown or derangement an accident occurs causing external damage, such consequential damage shall be indemnifiable;

- g) loss of or damage to vehicles licensed for general road use or waterborne vessels or aircraft;
- h) loss of or damage to files, drawings, accounts, bills, currency, stamps, deeds, evidences of debt, notes, securities, cheques;
- i) loss or damage discovered only at the time of taking an inventory.

Provisions applying Section 1 **Memo 1 - Sums covered**

It is a requirement of this policy that the sums covered stated in the Schedule shall not be less than

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

for items 2 and 3: the replacement value of construction plant, equipment and machinery; which shall mean the cost of replacement of the covered items by new items of the same kind and capacity;

and the Participant undertakes to increase or decrease the amounts of coverage 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 in the Policy by the Operators.

If, in the event of loss or damage, it is found that the sums covered are less than the amounts required to be covered, then the amount recoverable by the Participant under this Policy shall be reduced in such proportion as the sums covered bear to the amounts required to be covered. Every object and cost item is subject to this condition separately.

Memo 2 - Basis of loss settlement

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

a) in the case of 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

b) 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 costs claimed had to be borne by the Participant and to the extent they are included in the sums covered and provided always that the provisions and conditions have been complied with.

The Operators 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 b) above.

The cost of any provisional repairs will be borne by the Operators if such repairs constitute part of the final repairs and do not increase the total repair expenses.

The cost of any alterations, additions and/or improvements shall not be recoverable under this Policy.

Memo 3 - Extension of cover

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

SECTION 2- THIRD PARTY LIABILITY

The Operators will indemnify the Participant up to but not exceeding the amounts specified in the Schedule against such sums which the Participant 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 construction or erection of the items covered under Section 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 Operators will in addition indemnify the Participant against

- a) all costs and expenses of litigation recovered by any claimant from the Participant,
and
- b) all costs and expenses incurred with the written consent of the Operators,

provided always that the liability of the Operators under this Section shall not exceed the limits of indemnity stated in the Schedule.

Special exclusions to Section 2 The Operators will not indemnify the Participant in respect of:

1. the deductible stated in the Schedule to be borne by the Participant in any one occurrence;
2. the expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under Section 1 of this 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 by
endorsement);

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

**Special conditions
applying to Section 2**

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

2. The Operators may so far as any accident is concerned pay to the Participant
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 Operators shall thereafter be under no further liability in
respect of such accident under this Section.

TAKAFUL OPERATOR FEES

The Operator shall deduct Operator's fee as per defined ratio approved by Shariah Advisor out of the
Contribution received under this policy. Such fee shall be based on the Wakala principle since the
Operator hereby acts as a Wakeel of the Fund. The Wakala Fees shall be credited to the Operators Fund
and remaining portion shall be remained credited in the Participant Takaful Fund. The rate of Wakala
Fees shall be approved by the Shariah Advisor based on the rating and risk management guidelines of
the Window Takaful Operator for each type of Risk.

INVESTMENT MANAGEMENT SHARE

The Operator shall act as a Modarib or Wakeel for the purpose of managing the investment of available fund in the PTF. As such, the Operator stands entitled to a Modarib share or Wakala-tul-Istismar fee in the investment income subject to approval by the Shariah Advisor.

TIMING AND TRANSFER OF FUNDS

- 1- All Contributions recognized under General Takaful contracts, net of any Government levy, shall be credited to the Participant Takaful Funds.
- 2- All Contributions into a Participant Takaful Fund shall be deposited in a bank account designated as belonging to the Participant Takaful Fund or be paid across to such an account within seven days of receipt.
- 3- All income received on assets of a Participant Takaful Fund and receipts from Re-Takaful operators relating to the Participant Takaful Fund shall be deposited in bank accounts designated as belonging to the Participant Takaful Fund or be paid across to such account within seven days of receipt.
- 4- All assets, liabilities, income and expenditure of a General Takaful Operator which do not relate to a Participant Takaful Fund shall be deemed to be part of the Operator's Fund.

SURPLUS DISTRIBUTION

Operator may hold a portion of the surplus

- As a contingency reserve (over and above the technical provisions)
- For meeting solvency level under the Insurance Ordinance, 2000 and Takaful Rules, 2012
- For charity / donations
- The rest of the surplus may be distributed to participants in accordance with the approved Surplus Distribution Mechanism and Policy approved by the Shariah Advisor.
- For this purpose the Commission is also empowered to develop and issue the Surplus Distribution Mechanism for the General Takaful Operator which shall also be complied by the Operator.

IMPORTANT

The Participant should for his own protection examine this policy to ascertain whether it is in accordance with his intentions and correctly described, if any error or misdescription is found the same should immediately be intimated to the Operator for correction.