

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

## **ELECTRONIC EQUIPMENT 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 Fund the contribution mentioned in the Schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon the Operators will arrange to indemnify the Participant in the manner and to the extent hereinafter provided.

This policy applies whether the covered items are at work or at rest, or being dismantled for the purpose of cleaning, overhauling or of being shifted within the premises, or in the

course of the aforesaid operations themselves, or during subsequent re-erection, but in any case only after successful commissioning.

### **GENERAL EXCLUSIONS**

No indemnification will be made in respect of loss or damage 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) willful act or willful negligence of the Participant or of his representatives. In any action, suit or other proceeding where the Operators allege that by reason of the provisions of Exclusion a) above any loss, destruction, or damage is not covered by this policy the burden of proving that such loss, destruction, damage is covered shall be upon the Participant.

### **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 Fund.
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 or damage 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 to ensure safe operation of the covered items, 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 cover provided under this 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;  
take all steps within his power to minimize the extent of the loss or damage;
  - b) preserve the parts affected and make them available for inspection by a representative or surveyor of the Operators;
  - c) furnish all such information and documentary evidence as the Operators may require;
  - d) inform the police authorities in case of loss or damage due to burglary.

The Fund will 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 of or take good any minor damage; in all other cases a representative of the Operators 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 shall be entitled to proceed with the repairs or replacement.

The liability of the Fund under this Policy in respect of any item shall cease if said item is kept in operation after a claim without being repaired to the satisfaction of the Operators, or if temporary repairs are carried out without the Operators' consent.

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 Fund.

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.a) If the proposal or declaration of the Participant is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated; or if any false declaration or statement is made in support thereof, then this Policy shall be void and no payment shall be made under this policy.
- b) In the event of the Operators disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the arbitrators or umpire have made their award, all benefit under this Policy in respect of such claim shall be forfeited.
9. If at the time any claim arises under this Policy there is any other policy covering the same loss or damage, no payment shall be made or contribute more than their rateable proportion of any claim for such loss or damage.
10. This Policy may be terminated at the request of the Participant at any time, in which case the Operators will retain the customary short-period rate for the time this Policy has been in force. This Policy may equally be terminated at the option of the Operators by seven days' notice to that effect being given to the Participant, in which case the Operators will arrange to repay on demand a rateable proportion of the contribution for the unexpired term from the date of cancellation less any reasonable inspection charges the Operators may have incurred and less any long-term discount on contribution granted.
11. Under a policy for a third party's account the Beneficiary shall be entitled to exercise, in his own name, the rights of the Participant. Without obtaining the Participant's approval, the Beneficiary shall further

have the right to receive any indemnity paid under this Policy and to transfer the Participant's rights even if the Beneficiary is not in possession of this Policy. Upon payment of an indemnity the Operators may require evidence of the Beneficiary having given his consent to the policy and of the Participant having given his consent to the receipt of an indemnity by the Beneficiary.

The indemnity shall be payable one month after determination by the Operators of the full amount due. Notwithstanding the above, the Participant may, one month after the Operators have been duly notified of the loss and have acknowledged their liability, claim as an instalment the minimum amount payable under the prevailing circumstances. The running of the periods shall be

suspended for the time during which the indemnity is unascertainable or not payable due to reasons within the Participants control.

The Fund shall be entitled to withhold indemnification

- a) if there are doubts regarding the Participant's right to receive the indemnity, pending receipt by the Operators of the necessary proof;
- b) if in connection with the claim an examination by the police or an inquiry under criminal law has been instituted against the Participant, pending completion of such examination or inquiry.

## **SECTION 1- MATERIAL DAMAGE**

### **Scope of Cover**

The Operators hereby agree with the Participant that if at any time during the period of cover stated in the schedule or during any subsequent period for which the Participant pays and the Operators may accept the contribution for the renewal of this Policy, the items or any part thereof entered in the schedule 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 the Operators' option) up to an amount not exceeding in any one year of policy 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 schedule as covered hereby.

**Special Exclusions** No indemnity will be made in respect of:  
**to Section 1**

- a) The deductible stated in the schedule to be borne by the Participant in any one occurrence; if more than one item is lost or damaged in one occurrence, the Participant shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
- b) loss or damage directly or indirectly caused by or arising out of earthquake, volcanic eruption, tsunami, hurricane, cyclone or typhoon;
- c) loss or damage directly or indirectly caused by theft;
- d) loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Participant or his representatives, whether such faults or defects were known to the Operators or not;
- e) loss or damage directly or indirectly caused by the failure or interruption of any gas, water or electricity service or supply;
- f) loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, incrustation) or of gradual deterioration due to atmospheric conditions;
- g) any costs incurred in connection with the elimination of functional failures, unless such failures were caused by an indemnifiable loss of or damage to the covered items;
- h) any costs incurred in connection with the maintenance of the covered items, such exclusion also applying to parts exchanged in the course of such maintenance operations;
- i) loss or damage for which the manufacturer or supplier of the covered items is responsible either by law or under contract;
- k) loss of or damage to rented or hired equipment for which the owner is responsible either by law or under a lease and/or maintenance agreement;
- l) consequential loss or liability of any kind or description;
- m) loss of or damage to bulbs, valves, tubes, ribbons, fuses, seals, belts, wires, chains, rubber tyres, exchangeable tools, engraved cylinders, objects made of glass,

porcelain or ceramics, sieves or fabrics, or any operating media (eg lubrication oil, fuel, chemicals);

- n) aesthetic defects, such as scratches on painted, polished or enameled surfaces.

In respect of the parts mentioned under m) and n) above, the Operators shall be liable to provide compensation in the event that such parts are affected by an indemnifiable loss of or damage to the covered items.

### **PROVISION APPLYING TO SECTION 1**

#### **Memo 1 - Sums covered**

It shall be a requirement of this policy that the sum covered is equal to the cost of replacement of the covered items by new items of the same kind and capacity, which means their replacement costs including e.g. freight, customs duties and dues, if any, and erection costs. If the sum covered is less than the amount required to be covered, the Operators will arrange to pay only in such proportion as the sum covered bears to the amount required to be covered. Every item if more than one shall be subject to this condition separately.

#### **Memo 2 - Basis of indemnity**

a) In cases where damage to an covered item can be repaired, the Operators will arrange to pay expenses necessarily incurred to restore the damaged item to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum covered. If the repairs are executed at a workshop owned by the Participant, the Operators will arrange to pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges. No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the costs of repairs as detailed hereinabove equal or exceed the actual value of the covered items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in b) below.

b) In cases where an covered item is destroyed, the Operators will arrange to pay the actual value of the item immediately before the occurrence of the loss, including costs for ordinary freight, erection, customs duties and dues, if any, to the extent such expenses have been included in the sum covered, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Operators shall also pay any normal charges for the dismantling of the item destroyed, but the value of any salvage shall be taken into account. The destroyed item shall no longer be covered under this Policy,



and all necessary data on the relevant substitute item shall be indicated for its inclusion in the schedule.

(The Operators may agree - by application of the relevant endorsement – to extend this policy to cover reimbursement of the full replacement value.)

As from the date of an indemnifiable occurrence the sum covered shall be reduced for the remaining period of policy by the amount of indemnity paid, unless the sum covered is reinstated.

Any extra charges incurred for overtime, night work, work on public holidays or express freight shall be covered by this policy only if especially agreed in writing.

The costs of any alterations, additions, improvements or overhauls shall not be recoverable under this Policy.

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

The Operators will arrange to make payments only after being satisfied by production of the necessary bills and documents that the repairs have been affected or replacement has taken place, as the case may be.

## **SECTION 2- EXTERNAL DATA MEDIA**

### **Scope of Cover**

The Operators hereby agree with the Participant that if the external data media entered in the schedule inclusive of the information stored thereon, which can be directly processed in EDP systems, suffer any material damage indemnifiable under Section 1 of this Policy, the Fund will indemnify the Participant, as hereinafter provided, in respect of such loss or damage up to an amount not exceeding in any one year of coverage in respect of each of the data media specified in the schedule the sum set opposite thereto and not exceeding in all the total sum covered hereby, provided always that such loss or damage occurs during the period of policy stated in the schedule or during any subsequent period for which the Participant pays and the Operators may accept the contribution for the renewal of this Policy: This cover applies while the covered data media are kept on the premises.

### **Special Exclusions to Section 2**

No indemnity will be made in respect of:



- a) the deductible stated in the schedule to be borne by the Participant in any one occurrence;
- b) any costs arising from false programming, punching, labelling or inserting, inadvertent cancelling of information or discarding of data media, and from loss of information caused by magnetic fields;
- c) consequential loss of any kind or description whatsoever.

### **PROVISION APPLYING TO SECTION 2**

#### **Memo 1 - Sum Covered**

It shall be a requirement of this policy that the sum covered is the amount required for restoring the Participant external data media by replacing lost or damaged data media by new material and reproducing lost information.

#### **Memo 2 - Basis of Indemnity**

The Operators will arrange to indemnify any expenses that can be proved to have been incurred by the Participant within a period of 12 months as from the date of the occurrence strictly for the purpose of restoring the Participant external data media to a condition equivalent to that existing prior to the occurrence and necessary for permitting data processing operations to be continued in the normal manner. If it is not necessary to reproduce lost data or information, or if such reproduction is not effected within 12 months after the occurrence, the Fund shall only be liable to indemnify the expenses incurred for replacing the lost or damaged data media themselves by new material.

As from the date of an indemnifiable occurrence the sum covered shall be reduced for the remaining period of policy by the amount of indemnity paid, unless the sum covered is reinstated.

### **SECTION 3- INCREASED COST OF WORKING**

#### **Scope of Cover**

The Operators hereby agree with the Participant that if material damage indemnifiable under Section 1 of this Policy gives rise to a total or partial interruption of operation of the EDP equipment entered in the schedule, the Operators will arrange to indemnify the Participant, as hereinafter provided, for any additional expenditure incurred for the use of substitute EDP equipment not covered under this Policy up to an amount not exceeding the agreed indemnification per day and not exceeding in all the

sum covered in any one year of policy, provided always that such interruption occurs during the period of coverage stated in the schedule or during any subsequent period for which the Participant pays and the Operators may accept the contribution on the behalf of the Fund for the renewal of this Policy.

### **Special Exclusions to Section 3**

No indemnity will be made in respect of:

- a) restrictions imposed by public authorities concerning the reconstruction or operation of the EDP equipment covered;
- b) the necessary funds not being available to the Participant in time for repairing or replacing damaged or-destroyed equipment.

### **PROVISION APPLYING TO SECTION 3**

#### **Memo 1 - Sum Covered**

It shall be a requirement of this policy that the sum covered stated in the schedule is the amount which the Participant would have to pay as additional expenditure for 12 months' use of substitute EDP equipment of similar performance to the EDP equipment covered. The sum covered shall be based on the amounts agreed per day and per month as specified in the schedule.

The Fund shall also reimburse the Participant for personnel expenses and costs for transportation of materials following upon any event giving rise to a claim under this section, provided separate sums therefor have been entered in the schedule.

#### **Memo 2 - Basis of Indemnity**

In the event of failure of the EDP equipment covered the Fund will be liable for the additional expenditure that can be proved to have been incurred for the period during which the use of substitute EDP equipment is essential, but at the most for the indemnity period agreed.

The indemnity period shall commence as soon as the substitute equipment is put into use.

The Participant shall bear that proportion of each claim which corresponds to the time excess agreed.

If it is found following an interruption of the operation of the EDP equipment covered that the additional expenditure incurred during the period of interruption is higher than the proportionate share of the annual sum covered which is applicable to this period, the Fund will only be liable to indemnify the Participant in respect of that proportion of the agreed annual sum covered which is applicable to the period of interruption, duly taking into account the indemnity period agreed.

Any savings in cost shall be taken into account when calculating the indemnity amount to be paid by the Fund.

As from the date of an indemnifiable occurrence the sum covered shall be reduced for the remaining period of coverage by the amount of indemnity paid, unless the sum covered is reinstated.

### **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.

### **UNDERTAKING FOR SUBROGATION**

The participant hereby irrevocably and unconditionally authorizes Alfalah Insurance Company (Window Takaful Operations) the transfer of all his/their rights, title and interest in the asset(s) listed in the Schedule and all the right(s) and claim(s) against any person(s) in respect thereof to the Participant Takaful Fund/WaqfFund upon being indemnified by the Operator from the Participant Takaful Fund/Waqf Fund as per the Waqf rules, and further undertakes to sign all necessary documents in this regard.

### **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.

