

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

MASTER 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.

In consideration of **BANK ALFALAH LIMITED**, (hereinafter called "the Participant") paying to the **ALFALAH INSURANCE COMPANY LIMITED (Window Takaful Operations)** (hereinafter called "the Operator") the contribution as applicable to various certificates to be issued as per terms and conditions of the policy, the Operator agrees (subject to conditions contained herein or endorsed or otherwise expressed herein which conditions shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Participant to recover hereunder) that if after payment of the contribution the Property or any part of such property, covered described in the specific certificates to be issued in the joint names of "the Participant" as Mortgagees and the Client as Mortgagors on disbursement of financing, be destroyed or damaged by perils specified in Section I and Section II of this policy "the Operator" will arrange to pay to "the Participant" the value of the property at the time of the happening of its destruction or the amount of such damage or at its option reinstate or replace such property or any part thereof as per terms and conditions set out below.

SECTION I

This section of the policy indemnifies against loss or damage to property mortgaged under Residential Purchase and Residential Improvement by Fire, Lightning and Explosion.

EXTENSIONS TO SECTION I

EARTHQUAKE FIRE AND SHOCK

Loss or damage (including loss or damage by fire) to any of the property **covered** by this policy occasioned by or through or in consequence of earthquake.

ATMOSPHERIC DISTURBANCE

Loss or damage to property described in the schedule directly caused by:

- a. Hail, wind, hurricane, cyclone, tornado or typhoon, snow, and/or
- b. Rain provided the building(s) in respect of which the claim is made is so damaged by any of the perils specified in "a" supra as to admit rainwater to the interior
- c. Flood which shall mean
 - i. The overflowing or deviation from their normal channels of either natural or artificial watercourse.
 - ii. Any flow or accumulation of water on the ground except when such flow or accumulation be of water emitted from any water supply main tap, pipe valve or the like.

RIOT AND STRIKE DAMAGE

Loss or damage to the property caused by the act of any person taking part together with others in any disturbance of public peace (whether in connection with strike or lock-out or not).

EXPLOSION

Loss or damage to property **covered** by fire or otherwise directly caused by explosion, but excluding loss of or damage to boilers, economizers or other pressure vessels, machinery or apparatus in which pressure is used or their contents resulting from explosion.

LOSS OF RENT

The Sum, which the Participant incurs as additional cost of alternative accommodation in consequence of the building becoming uninhabitable following damage caused by covered perils upto Rs.50,000/- (in aggregate) or 10% of the sum **covered** whichever is lower for a maximum of three (3) months.

SPECIAL EXCLUSIONS TO SECTION I

This **policy** does not cover loss or damage occasioned by or through or in consequence of:

1. Loss by theft during or after the occurrence of a fire
2. Loss or damage to property occasioned by its own fermentation, natural heating or spontaneous combustion or by its undergoing any heating or drying process
3. Loss or damage to the property by the order of any public authority
4. Loss or damage to the property through subterranean fire
5. The burning, whether accidental or otherwise of forests, bush, prairie, jungle and the clearing of lands by fire
6. Losses arising out of an act of terrorism as defined by the attached terrorism exclusion clause.

SPECIAL CONDITIONS TO SECTION I

1. Under any of the following circumstances the coverage ceases to attach as regards the property affected unless the Participant, before the occurrence of any loss or damage, obtains the sanction of the Operator signified by endorsement upon the policy
 - a. If the nature of occupation of or other circumstances affecting the building covered or containing the covered property changed in such a way as to increase the risk of loss or damage by the covered perils
 - b. If the buildings covered become unattended and so remain for a period of more than 30 days.
2. All coverage under this policy on any building or part of any building shall cease immediately upon any fall or displacement.

- a. Of such building or of any part thereof
- b. Of the whole or any part of any range of buildings or of any structure of which such building forms a part.

PROVIDED that such fall or displacement is of the whole or a substantial or important part of such building or impairs the usefulness of such building or any part thereof or leaves such building or any part thereof subject to increased risk of fire or is otherwise material.

AND PROVIDED that such fall or displacement is not caused by fire loss or damage which is covered by this policy or would be covered if such building, range of buildings or structure were covered under this policy.

In any action, suit or other proceeding the burden of proving that any fall or displacement is caused by fire as aforesaid shall be upon the participant.

SECTION II

PROPERTIES UNDER CONSTRUCTION

This section will indemnify any unforeseen and sudden physical loss or damage from any cause, other than those specifically excluded, in a manner necessitating repair or replacement. The Operator at the expense of the Fund will indemnify the Participant in respect of such loss damage as hereinafter provided not exceeding the total sum expressed in the certificate.

SPECIAL EXCLUSIONS TO SECTION II

- a. Consequential loss of any kind or description whatsoever including penalties, losses due to delay, lack of performance, loss of contract.
- b. Loss or damage due to faulty design
- c. 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.
- d. Wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions
- e. Mechanical and/or electrical breakdown or derangement of construction plant, equipment and construction machinery
- f. Loss or damage to vehicles licensed for general road use or water borne vessels or aircraft
- g. Loss or damage to files, drawings, accounts, bills, currencies, stamps, deeds, evidences of debt, notes, securities, cheque
- h. Loss or damage discovered only at the time of taking any inventory.

SPECIAL CONDITIONS TO SECTION II

1. The details of the materials used and stored at the premises along with the items of construction machinery shall be notified to the Operator.
2. The premises shall be manned by a chowkidar or watchman round the clock
3. The liability of the Operator under this policy shall in no case exceed the value at the time of loss and/or damage of that part of the building already constructed and material on site.

In the event of any loss 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 the extent they are included in the sums covered and provided always that the provisions and conditions has been complied with.

The Operators will arrange to 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 Fund 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.

GENERAL EXCLUSIONS

1. Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by nuclear weapons material.
2. The Policy does not cover loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purposes of this condition only combustion shall include any self sustained process of nuclear fission.
3. This Policy does not cover costs and expenses arising from loss or destruction or damage caused by pollution or contamination except destruction or damage to the property covered caused by pollution or contamination resulting from a peril hereby covered against.
4. War invasion act of foreign enemy hostilities or warlike operations (whether war be declared or not) civil war.
5. Mutiny riot military or popular rising insurrection rebellion revolution military or usurped powers martial law or state or siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.
6. This Policy does not cover loss or damage arising from subsidence.

GENERAL TERMS AND CONDITIONS

If there be any material misdescription of any of the property hereby covered or any misrepresentation as to any fact, material to be known for estimating the risk or any omission to state such fact the Fund shall not be liable upon this policy so far as it relates to property affected by any such misdescription, misrepresentation or omission.

1. The Participant shall give notice to the Operator of any policy or policies already effected, or which may subsequently be effected, covering any of the property hereby covered and unless such notice be given and the particulars of such policy or policies be stated in or endorsed on this policy by or on behalf of the Operator before the occurrence of any loss or damage, all benefits under this policy shall be forfeited.
2. The policy may be terminated at any time at the request of Participant in which case the Operator will retain the customary short period rate for the time the policy has been in force. This policy may also at any time

be terminated at the option of the Operator, on notice to that effect being given to the Participant in which case the Operator shall be liable to repay on demand a ratable proportion of the contribution for the unexpired term from the date of the cancelment.

3. On the happening of any loss or damage the Participant shall forthwith give notice thereof to the Operator and shall within 15 days after the loss or damage or such further time as the Operator may in writing allow in that behalf, deliver to the Operator.
 - a. Claim in writing for the loss and damage containing as particular an account as may be reasonably practicable of all the several articles or items of property damaged or destroyed and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage, not including profit of any kind.
 - b. Particulars of all other policies, if any
4. No claim under this policy shall be payable unless the terms of this condition have been complied with.
5. On the happening of any loss or damage to any of the property covered by this policy
 - a. the Participant shall give notice thereof to the Operator immediately upon which a government licensed surveyor shall be appointed by the Operator to assess the loss.
 - b. The Participant shall also at all times at his own expense produce, procure and give to the Operator and/or government licensed surveyor all particulars, plans specification, books, vouchers, invoices, duplicates or copies thereof, documents, proofs, and information with respect to the claim and the origin and cause of loss and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of the liability of the Fund as may be reasonably required by or on behalf of the Operator together with a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

The powers conferred by this condition shall be exercisable by the Operator at any time until notice in writing is given by the Participant that he makes no claim under the policy or if any claim is made, until such claim is finally determined or withdrawn, and the Operator shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Participant or diminish its right to rely upon any of the conditions of this policy in answer to any claim.

If the Participant or any person on his behalf shall not comply with the requirements of the Operator or shall hinder or obstruct the Operator in the exercise of its powers hereunder, all benefits under this policy shall be forfeited.

The Participant shall not in any case be entitled to abandon any property to the fund whether taken possession of by the Operator or not.

6. If the claim be in any respect fraudulent, or if any false declaration be 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 the loss or damage be occasioned by the willful act, or with the connivance of the Participant, or if the claim be made and rejected and an action or suit be not commenced within three months after such rejection or (in case of any arbitration taking place in pursuance of arbitration condition of this policy) within three months after the arbitrator or arbitrators or umpire shall have given their award, all benefits under this policy shall be forfeited.
7. The Operator may at its option reinstate or replace the property damaged or destroyed or any part thereof instead of paying the amount of the loss or damage, or may join with any other Operators in doing so, but

the Operator is not bound to reinstate exactly or completely, but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Operator be bound to extend more in reinstatement than in time of the occurrence of such loss, damage, not more than the sum covered by the Operator thereon.

If the Operator so elect to reinstate or replace any property the Participant shall, at his own expense, furnish the Operator with such plans, specifications, measurements, quantities and such other particulars as the Operator may require and no acts done or caused to be done by the Operator with a view to reinstatement or replacement shall be deemed an election by the Operator to reinstate or replace.

If in any case Operator shall be unable to reinstate or repair the property hereby covered because of any municipal or other regulations in force effecting the alignment of streets, or the construction of building, or otherwise, the Operator shall in every such case, only be liable to pay such sums as would be requisite to reinstate or repair such property if the same could lawfully be reinstated to its former condition.

8. The Participant shall at the expense of the Operator, do and concur and permit to be done, all such acts and things as may be necessary or reasonably required by the Operator for the purposes of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Operator shall be or would become entitled or subrogated upon its paying for or making good any loss or damage under this policy whether such acts and things shall be or become necessary or required before or after this indemnification by the Operator.
9. At the time of any loss or damage happening to any property hereby covered, there may be any other subsisting policy or policies whether affected by the participant or by any other person or persons covering the same property, this Operator shall not be liable to pay or contribute more than its ratable proportion of such loss or damage.
10. If any difference arises as to the amount of any loss or damage such difference shall independently of all other questions 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 disinterested persons as arbitrator of whom one shall be appointed in writing by the other party, in case either party shall refuse or fail to appoint an Arbitrator within two calendar months after receipt of notice in writing requiring an appointment the other party shall be at liberty to appoint a sole arbitrator, and in case of disagreement between the arbitrator the difference shall be referred to the decision of an Umpire who shall have been appointed by them in writing before their meeting. The death of any party shall not revoke or affect the authority or powers of the arbitrator or umpire another shall in each case be appointed in his stead by the party or arbitrators (as the case may be) by whom the arbitrator or umpire so dying was appointed. The costs of the reference and of the award shall be in the discretion of the arbitrator, arbitrators or umpire making the condition precedent to any right of action or suit upon this policy that the award by such arbitrator, arbitrators or umpire of the amount of the loss or damage if disputed shall be first obtained.
11. In no case whatever shall the Fund be liable for any loss or damage after the expiration of twelve months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration.
12. Every notice and other communication to the Operator required by these conditions must be written or printed.
13. This **policy** will cease to be in effect if the interest in the property covered passes from the Participant otherwise then by will or operation of law.

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.