

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

## Physical Loss or Physical Damage Riots, Strikes, Civil Commotion, Malicious Damage, Terrorism and Sabotage Takaful

### 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 has made a payment (described in the Schedule) as Contribution to the Fund and accepting the same the Operator hereby agrees the (subject to Conditions contained herein or endorsed or otherwise expressed here on which Conditions shall so far as the nature of them respectively will permit to be deemed to be Conditions precedent to the right of the Participant to recover hereunder) the Property covered vide this Policy as described in the said Schedule, or any part of such Property, be destroyed or damaged by Fire and/or Lightning specified in the schedule at any time during the policy period but before 2400 hours on last day of the policy period as stated in the said Schedule, the Participant will be paid for the value of the property at the time of the happening of its destruction or the amount of such damage or at Operator's option it will be reinstated or replaced.

Provided that the amount of indemnification shall in no case exceed, in respect of each item, the sum expressed in the said Schedule to be covered thereon or in the whole, the total sum covered hereby or such other sum or sums as may be substituted thereof, by memorandum hereon, or attached hereto, signed by or on behalf of the Operator.

Some of the words Operators use have a special meaning in this policy. If a word is in **bold** type, please read the Definitions section.

### COVERING CLAUSE

Subject to the exclusions, limits and conditions hereinafter contained, this policy covers property as stated in the Risk Details against direct physical loss or physical damage to tangible property caused by a **Listed Peril** occurring during the period of this coverage:

## DEFINITIONS

<b>Occurrence</b>	means each and every loss or series of losses arising out of and directly caused by one event. However, the duration and extent of any one event shall be limited to direct physical loss or physical damage which occurs within a period of 72 consecutive hours. No such period of 72 hours may extend beyond the expiry of this coverage unless the Participant shall first sustain direct physical loss or physical damage before the expiry of this coverage and within the aforesaid period of 72 consecutive hours, nor shall any period of 72 consecutive hours commence before the start of this coverage.
<b>Listed Peril</b>	means any of the perils listed and defined below, or any combination thereof:
<b>Civil Commotion</b>	means a substantial violent uprising by a large number of persons assembled together and acting with common purpose or intent.
<b>Malicious Damage</b>	means the loss, damage or destruction of property caused by the actions of anyone intending to cause harm or mischief during the disturbance of the public peace.
<b>Riot</b>	means a violent disturbance by a group of persons assembled together for a common purpose which threatens the public peace.
<b>Sabotage</b>	means a subversive act or series of acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.
<b>Strike</b>	means a work stoppage to enforce demands made on an employer or to protest against an act or condition.
<b>Terrorism</b>	means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

## LOSSES EXCLUDED

This policy does not cover:-

1. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
2. Loss or damage occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or local government entities, civil war, rebellion, revolution, insurrection, martial law, or usurpation of power.
3. Loss by seizure or legal or illegal occupation unless physical loss or damage is caused directly by a Listed Peril.
4. Loss or damage caused by confiscation, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority which deprives the Participant of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.
5. Loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

6. Loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind.
7. Loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind.
8. Any fine or penalty or other assessment which is incurred by the Participant or which is imposed by any court, government agency, public or civil authority or any other person.
9. Loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

This exclusion shall not operate to exclude losses (which would otherwise be covered under this policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.

10. Loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property covered hereunder.
11. Loss or damage caused by measures taken to prevent, suppress or control an actual or potential **Listed Peril** unless agreed by the Operators in writing prior to such measures being taken.
12. Any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working.
13. Loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service.
14. Loss or increased cost as a result of threat or hoax.
15. Loss or damage caused by or arising out of burglary, house - breaking, looting, theft or larceny.
16. Loss or damage caused by mysterious disappearance or unexplained loss.

### **PROPERTY EXCLUDED**

This Policy does not cover direct or indirect physical loss or physical damage to:

1. Land or land values.
2. Power transmission, feeder lines or pipelines not on the Participant's premises.
3. Any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days, unless the property is intended to be unoccupied in its normal operations.
4. Aircraft or any other aerial device, or watercraft.
5. Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon and solely whilst located at the property covered herein at the time of its damage.
6. Animals, plants and living things of all types.
7. Property in transit not on the Participant's premises.

## CONDITIONS

### 1. JOINT PARTICIPANTS

The Fund's total liability for any loss or losses sustained by any one or more of the Participants under this coverage will not exceed the Sum covered stated in the Risk Details. The Fund's shall have no liability in excess of the Sum covered whether such amounts consist of covered losses sustained by all of the Participants or any one or more of the Participants.

### 2. OTHER COVERAGE

This cover shall be excess of any other cover available to the Participant covering a loss or damage covered hereunder except such other cover which is written specifically as excess cover over this coverage. When this coverage is written specifically in excess of other cover covering a **Listed Peril**, this cover shall not apply until such time as the amount of the underlying cover, (whether collectible or not), has been exhausted by loss and/or damage covered by this cover in excess of the Deductible (if any) with respect to each and every covered loss and/or damage.

### 3. SITUATION

This coverage covers tangible property located at the addresses stated in the Risk Details.

### 4. SUM COVERED (TOTAL DECLARED VALUE OF PROPERTY COVERED)

The Fund hereon shall not be liable for more than the Sum covered stated in the Risk Details in respect of each **Occurrence** and in the aggregate during the Period of coverage.

### 5. DEDUCTIBLE

Each **Occurrence** shall be adjusted separately and from each such adjusted amount the sum stated in the Risk Details shall be deducted.

### 6. DEBRIS REMOVAL

This coverage also covers, within the Sum covered stated in the Risk Details, expenses incurred in the removal from the covered location of debris of property stated in the Risk Details damaged by a **Listed Peril**.

The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

### 7. DUE DILIGENCE

The Participant (or any of the Participant's agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect or remove the property covered, to avoid or diminish any loss or damage herein covered and to secure compensation for any such loss or damage including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.

### 8. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the property covered shall be maintained in good order throughout the Period of coverage and shall be in use at all times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Operators without their consent

## 9. VALUATION

It is understood that, in the event of loss or damage, settlement shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) property on the same site, or nearest available site (whichever incurs the least cost) with material of like kind and quality without deduction for depreciation, subject to the following provisions: -

- The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch.
- Until replacement has been effected the amount of liability under this coverage in respect of loss or damage shall be limited to the actual cash value at the time of loss or damage.
- If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be covered by this policy.

The Fund's liability for loss or damage under this coverage shall not exceed the smallest of the following amounts: -

- The total declared value applicable to the destroyed or damaged property.
- The replacement cost of the property or any part thereof which was intended for the same occupancy and use, as calculated at the time of the loss or damage.
- The amount actually and necessarily expended in replacing said property or any part thereof.

The Operators will normally expect the Participant to carry out repair or replacement of the property covered, but if the Participant and the Operators agree that it is not practicable or reasonable to do this, the Operators will pay the Participant an amount based on the repair or replacement costs, less an allowance for fees and associated costs which are not otherwise incurred. The **Fund** will only pay the Participant up to the Sum covered stated in the Risk Details.

## 10. INCORRECT DECLARATION OF VALUE

If the values declared as stated in the Risk Details are less than the correct covered values as determined above, then any recovery otherwise due hereunder shall be reduced in the same proportion that the values declared bear to the values that should have been declared, and the Participant shall Co-Takaful for the balance.

## 11. NOTIFICATION OF CLAIMS

The Participant, upon knowledge of any event likely to give rise to a claim hereunder, shall give written advice as soon as reasonably practicable to the Operators via the Participant's Broker, who is to advise the Operators within seven (7) days of such knowledge of any event and it is a condition precedent to the liability of the Operators that such notification is given by the Participant as provided for by this coverage.

If the Participant makes a claim under this coverage he must give the Operators such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the Operators, the Participant must submit to examination under oath by any person designated by the Operators.

## 12. PROOF OF LOSS OR DAMAGE

The Participant shall render a signed and sworn proof of loss or damage within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of the Operators) stating the time, place and cause of loss or damage, the interest of the Participant and all others in the property, the sound value thereof and the amount of loss or damage thereto.

If the Operators have not received such proof of loss or damage within two years of the expiry date of this coverage, they shall be discharged from all liability hereunder.

In any claim and/or action, suit or proceeding to enforce a claim for loss or damage under this coverage, the burden of proving that the loss or damage is recoverable under this coverage and that no limitation or exclusion of this coverage applies and the quantum of loss or damage shall fall upon the Participant.

### **13. 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.

### **14. FRAUDULENT CONDUCT AND MISREPRESENTATION**

This coverage and any loss, damage or claim hereunder will be void if, whether before or after loss or damage, a Participant has:

- (i) intentionally concealed or intentionally misrepresented any material fact or circumstance;
- (ii) engaged in fraudulent conduct; or
- (iii) made false statements;

relating to this coverage or any loss, damage or claim hereunder.

In the event that any provision of this clause is found by a court of competent jurisdiction to be invalid or unenforceable, the other provisions of this clause and the remainder of the provision in question shall not be affected thereby and shall remain in full force and effect.

### **15. ABANDONMENT**

There shall be no abandonment to the Operators of any property.

### **16. INSPECTION AND AUDIT**

The Operators or their agents shall be permitted but not obligated to inspect the Participant's property at any time.

Neither the Operators' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Participant or others, to determine or warrant that such property is safe.

The Operators may examine and audit the Participant's books and records at any time up to two years after the termination of this coverage, as far as they relate to the subject matter of this coverage.

### **17. ASSIGNMENT**

Assignment or transfer of this coverage shall not be valid except with the prior written consent of the Operators.

## **18. RIGHTS OF THIRD PARTIES EXCLUSION**

This coverage is effected solely between the Participant and the Operators.

This coverage shall not confer any benefits on any third parties, including shareholders, and no such third party may enforce any term of this coverage.

This clause shall not affect the rights of the Participant.

## **19. CANCELLATION**

This coverage shall be non-cancellable by the Operators or the Participant except in the event of non-payment of contribution where the Operators may cancel this coverage at their discretion in the manner set out below.

In the event of non-payment of contribution this coverage may be cancelled by or on behalf of the Operators by delivery to the Participant or by mailing to the Participant or via the Participant's Broker by registered, certified, or other first class mail, at the Participant's address as shown in the Risk Details, written notice stating when, not less than fifteen (15) days thereafter, the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this coverage shall terminate at the date and hour specified in such notice.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

## **20. ARBITRATION**

If the Participant and the Operators fail to agree in whole or in part regarding any aspect of this coverage, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two (2) chosen shall before commencing the arbitration select a competent and disinterested umpire.

The arbitrators together shall determine such matters in which the Participant and the Operators shall so fail to agree and shall make an award thereon and if the Arbitrators fail to agree, they will submit their differences to the umpire. .

The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

## **21. LEGAL ACTION AGAINST THE OPERATORS**

No one may bring a legal action against the Operators unless:

There has been full compliance by the Participant with all of the terms of this coverage; and The action is

brought within two (2) years after the expiry or cancellation of this coverage.

## **22. MATERIAL CHANGES**

The Participant must notify the Operators of any change of circumstances which would materially affect this coverage.

## **23. EXPERTS FEES**

This coverage includes, within the Sum covered stated in the Risk Details, the necessary and reasonable fees of architects, surveyors, consulting engineers and other professional experts which are incurred in reinstating or repairing the property covered following loss or damage covered under this coverage.

## **24. LAW**

As stated in the Risk Details.

## **25. JURISDICTION**

As stated in the Risk Details

## **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.