

# GENERAL REGULATIONS

## 1. Jurisdiction -

This applies to all Risks located in India.

## 2 Scope –

This Tariff applies to “Erection All Risks/ Storage Cum Erection Insurance” Rating of Risks with Sum Insured upto Rs. 100 crores. (Risks with Sum Insured above Rs. 100 crores and upto Rs. 1500 crores shall be rated by Insurers as per guidelines issued vide Circular 2001/7 dated 1<sup>st</sup> January, 2001, see ‘Annexures I & II’)

## 3 Marine/Transit Risks connected with Erection All Risks Insurance -

Where Marine/Transit Insurance connected with Erection All Risks Insurances of any project is placed in India simultaneously or later on in one combined or under separate Policies in one department or in different departments, the matter relating to Erection All Risks/Storage-Cum-Erection Cover is required to be underwritten, subject to these General Regulations.

## 4. Sub-Contracts Forming part of a project -

As regards Sub-Contracts forming part of a Project, it is clarified that irrespective of whether the Project value has been broken into various Sections and orders/contracts are placed with different suppliers/contractors/Sub-Contractors or the Insureds carry out the work themselves departmentally, the Insurances for all such Sub-Contracts are subject to these General Regulations.

## 5. SUM INSURED – Definition -

For this purpose, the Sum Insured on the following items are to be taken into account -

- a) Marine (Imports) -landed cost at site
- b) Marine (Indigenous) -landed cost at site
- c) Cost of Erection (exclusive of preoperative expenses but inclusive of cost of visits of specialists and supervision charges).
- d) Permanent Civil Engineering Works
- e) Half the escalated value, if escalation is opted for.

## DUTY IN CASE OF OVERSEAS CONSIGNMENTS –

In respect of overseas consignments certain additional valuation on account of the following will get added to the CIF value, after the goods are cleared at the docks --

- i) Custom Duty paid on clearance and
- ii) Clearing & forwarding charges to the agents concerned.

In such cases the `Duty' can be covered at full rate applicable for Marine (imports).

### **6. Storage Risks at the Fabricator's Premises/Workshop**

The Storage Risks at the Fabricator's Premises/Workshop can be covered as an extension to the EAR/SCE policies and for such storage the Rate and Excess are as under –

Storage Rate	Rs. 0.30 per mille per month or part thereof
Excess	Rs. 5000 per claim during storage
	10 % claim amount subject to minimum of testing period excess per AOG/Fire/Explosion claim.

### **7. 'ERECTION ALL RISK' RATES -**

- A) 1) Column No.4 of Rate Schedule- Prescribes rate for first two months of the project period (first month plus one month's testing), the same rate will apply for EAR Insurances for a period of two months even where the testing cover is not required.

Similarly, the rate prescribed under column No.4 will apply for EAR Insurances where the policy period (including testing period) is two months or less and the testing period is one month or less.

- 2) EAR/SCE period -

The EAR/SCE period has to commence from the date of arrival of first consignment at the site of erection. However, it may happen that in a few cases the Insured may take EAR/SCE insurance at a much later date. In all such cases irrespective of the date of commencement of the insurance, the SCE rate has to be computed for the total period commencing from the date of arrival of the first consignment at the site of erection.

In all such cases the Insurers should clearly stipulate that any damages which have taken place prior to commencement of the insurance, are not covered by the policy.

- 3) Column No.8 - Rate Schedule prescribes 'Excess' to be applied on 'Normal Period' and 'Testing Period'. Excess should be applied on the net claim amount after adjusting for salvage, depreciation and under insurance.

Note - Excess for Gas Turbine Plants -

- a) For a Gas Turbine Power Station, the excess prescribed will apply to all items.
- b) For a Combined Cycle Power Plant, excess applicable for the Gas Turbine section will be the existing excesses prescribed under 'Gas Turbine/CCPP' item. However for Steam Section the excesses applicable will be as per tariff item 'Steam Power Plant'.

#### **B) VOLUME DISCOUNT UNDER EAR/SCE TARIFF**

- i) No Volume discount should be granted for projects with Sum Insured upto Rs. 100 Crores.
- ii) For projects with Sum Insured above Rs. 100 Crores and upto Rs. 1500 Crores, the applicable Volume Discount shall be as per 'Annexure I'.
- iii) Volume Discount will not be applicable for the following extensions:
  - a) Additional Rate for risks situated in Earthquake zone I & II
  - b) Additional Rate for testing of second hand machinery
  - c) Policy Extension Rates
  - d) Maintenance Period Rate
  - e) Air freight
  - f) Additional Custom Duty
  - g) Fabricators premises extension
  - h) Intermediate Storage

#### **8. ADDITIONAL RATE FOR DISMANTLING COVER -**

The Additional Rates for Dismantling Cover will be 60 % of the total SCE Rate irrespective of the period for Dismantling.

However, if the risk of testing is to be covered for such second hand machinery and/or equipment, the additional minimum rate will be Re. 0.50 per mille per month or part thereof.

**No volume discount is applicable on this additional rate for testing of second hand machinery.**

The Dismantling Extra of 60 % should be applied on the total EAR/SCE Rate excluding additional `Testing' and `Earthquake' Extras.

## 9. ADDITIONAL RATES FOR EARTHQUAKE (FIRE & SHOCK) PERILS -

a) All `Acts of God' perils other than Earthquake (Fire & Shock) are taken care of in the SCE Rates prescribed. However no reduction in the rate can be allowed for excluding any of these perils.

(b) Irrespective of the sum insured for SCE/EAR, the following additional rates are to be charged over the SCE rate for risks located in Earthquake Zones (as defined in Fire Tariff) –

Zones	Rate
Zone I	Rs. 1.00 per mille per annum
Zone II	Re. 0.50 per mille per annum
Zone III	Nil
Zone IV	Nil

c) These additional rates take care of Earthquake (Fire & shock) perils only.

d) These additional rates are to be charged on pro-rata basis for period shorter than one year.

e) Earthquake cover is optional in both the Zones I & II but this cannot be opted Mid-term or for part of the total SCE Period. Thus these extras (viz. Rs. 1.00 ‰ per annum for Risks in Zone I and Rs. 0.50‰ per mille per annum for risks in Zone II) are to be charged for total SCE Period (including all extensions).

(f) For policy for extensions with overall period(including original policy period) in excess of 12 months, the earthquake rate should be reworked.

g) Earthquake rates are subject to Discount in respect of higher excess if opted for.

h) Earthquake cover on first loss basis - Earthquake cover could be granted on first loss basis with Sum Insured limits of 20% (OR 10%) of the total Sum Insured at the rates of 50 % (OR 40 %) of the tariff rate calculated on the total sum insured.

#### **10. EXCESS FOR CLAIMS ARISING OUT OF MAJOR PERILS/ACTS OF GOD PERILS -**

The minimum excess for claims arising out of Acts of God Perils (viz. Earthquake-FireandShock, Landslide/ Rockslide/ Subsidence, Flood/ Inundation, Storm/Tempest/Hurricane/Typhoon/Cyclone) shall be as under –

Excess for AOG Perils      10 % of the claim amount subject to a minimum of the Testing Period Excess with an upper limit of Rs. 5 Crores.

e.g: -If excess for Normal and Testing period are Rs.10, 000/- and Rs. 40,000/- respectively then the Excess for claims arising out of the Acts of God Perils shall be 10 % of the claim amount subject to minimum of Rs.40, 000/- with an upper limit of Rs. 5 Crores.

The above excess shall apply separately to each incident-giving rise to loss or damage. For this purpose an incident shall not be considered to have terminated until there have been seven consecutive days freedom from the perils concerned and only thereafter will the above excess amount apply afresh.

In respect of those EAR/SCE risks located in Earthquake Zone I or II where the clients do not require cover for Earthquake Perils, the above excess will be applicable for all Acts of God perils other than Earthquake (Fire & Shock).

**Note** - The excess should apply on the net claim amount after adjusting for Salvage, depreciation and under insurance.

#### **11. RULES FOR FIRE PROTECTION FOR CONSTRUCTION/ERECTION SITES -**

For unprotected construction/erection sites of risks having Sum Insured less than Rs. 50 Crores excess applicable shall be 10% of claim amount subject to minimum of testing period excess with an upper limit of Rs. 2 Crores.

In respect of Risks with Sum Insured of Rs. 50 Crores and above, the excess applicable shall be 20% of claim amount subject to minimum of testing period excess with an upper limit of Rs. 3 Crores.

Insurers may reduce the excess to 10% of claim amount subject to minimum of testing period excess, with upper limit of Rs. 2 Crores wherever requirements under Rule 11A(I) below are complied with within first 25% of the project period **OR** 12 months whichever is less.

Insurers may also grant 2.5% discount on EAR/SCE premium rates and reduce the excess for fire/explosion claims to 5 % of claim amount subject to minimum of testing period excess with an upper limit of Rs. 2 Crores in respect of proposals which comply with the relevant regulations under Rule 11 A(I) & (II) within first 25 % of the project period **OR** 12 months whichever is less.

#### **A - Rules for Fire Protection -**

- I) Minimum Compulsory Requirements** applicable to all risks irrespective of Sum Insured -
- i) One portable fire extinguisher of Soda Acid or Water type for every 300 sq. m of storage/erection site area or small bore hose reels as per **Relevant Section of Fire Protection Manual of TAC** shall be provided. The location of fire extinguishers shall be conspicuously marked by clearly visible signs. Checking and maintenances at regular intervals shall be recorded.
  - ii) Trained fire fighting squad shall be maintained for the site.
  - iii) Watch and Ward facility shall be provided round the clock at the site/premises.
  - iv) One fire engine of 400 GPM x 100 PSI shall always be stationed at site.

**Note** - Not applicable to policy with Sum Insured upto Rs. 50 crores

- v) Materials and equipments stored in buildings (sheds) or in open area shall be divided into sub-units with the value, which shall not exceed 10% of the sum insured or Rs. 50 Crores whichever is less. Wherever value of single equipment stored exceeds this limit, its value shall be taken as the limit. The sub-units in open area shall be separated from each other by a distance of atleast 15 m. In case of storage buildings, firewalls of 9" thickness carried upto roof shall be erected without any wall openings between the sub-units.
- vi) Packing materials, scaffolding etc. combustible materials and liquids and explosive substances should be stored at a 30 M safe distance from other buildings, plants and stores.

- vii) Utmost attention should be paid to good housekeeping such as -
- Orderly storage;
  - Periodic removal of combustible packing material, either by burning on site at a safe distance of 100 M or removal from the site;
  - Clean-up of site atleast once a week;
- viii) Open flame work (welding, cutting etc.) requires utmost caution. All combustible materials lying around must be removed or covered.
- ix) Grass and/or any other vegetation in and around the site are regularly removed.
- x) "No smoking" rules must be enforced in areas exposed to fire (stores etc.) and in the vicinity of hazardous operations.
- xi) Living quarters should be well separated (100 M away) from construction site.
- xii) In addition to above, the following fire prevention measures are recommended:
- a) The site be secured by properly constructed fence.
  - b) Temporary buildings (offices, rest rooms, material stores etc.) be made of non - combustible materials. Safe distances of 15 M be kept between temporary buildings (this applies in particular to material stores).

**II) Additional Fire Protection Requirements for earning Discount on EAR/SCE Premium-**

- i) One fire engine or two trailer pumps of 400 GPM x 100 PSI shall be provided for every 10,000 Sq-m of largest storage site with maximum of two Fire Engines or 4 trailer pumps. In case of Trailer pumps, vehicular arrangements shall be available for towing them. (in lieu of item iv above)
- ii) Static water tanks of atleast 10,000 gallons capacity shall be provided, which shall be so placed that no part of storage/erection site lies beyond 100 M of atleast 2 tanks (50 M in case of storeyed structures).

**OR**

Alternatively a temporary hydrant system with atleast 4" dia. hydrant mains shall be laid which shall always be pressurised to 1.0 KSC from where fire engines/Trailer pumps can draw their supply from a double hydrant (DH). Each DH may be taken as equivalent to a static water tank described above. Pumping capacity of the general water supply shall be in excess of 1,00,000 litres.

- iii) 36 hoses, 15 M long and 18 nozzles shall be provided to ensure that all parts of the contract works can be reached with water.
- iv) Trained fire fighting squad consisting of atleast 8 persons per shift shall be maintained at the site. (in lieu of Item A I(ii) above)

**B – Reduction in Excess and granting of Discount in EAR/SCE Premium for complying with Rules for Fire Protection of construction sites-**

For risks with sum insured of **less than Rs. 50 Crores**, no discount in the premium rate and reduction in the excess should be granted even if the risk complies with the additional requirements for qualifying for the discount.

**12. HIGHER EXCESS DISCOUNT -**

- A) All rates for SCE insurances are subject to minimum excess per claim separately for (a) normal period and (b) testing period as prescribed in the rate schedule.

The scale of discounts for opting 'Higher Excess' (both for normal and testing period at the same time) shall be as under –

<b>Excess (Times of Normal Excess)</b>	<b>Discount</b>
2 Times	5 %
5 Times	10 %
10 Times	20 %
20 Times	30 %

- B) It is permissible to grant discounts as per following scale in the Earthquake premium alone.

<b><u>Earthquake Excess increased to</u></b>	<b><u>Discount in Earthquake Premium</u></b>
2 times the minimum Excess	5 percent
5 times the minimum Excess	10 percent
10 times the minimum Excess	20 percent
20 times the minimum Excess	30 percent

These discounts in the Earthquake premium only can be allowed irrespective of whether the increased Excess for Normal/Testing period are opted or not for the EAR/SCE Cover.

The higher Earthquake Excess will qualify for discount in the Earthquake premium only and not in the SCE premium, for which the provisions under Items No. (A) above shall apply.

- C) The discounts applicable in the SCE Rate and/or the Earthquake premium {as explained in (A) and (B) above} for selection of higher Excess amounts are also applicable, as under on :

- i) Rates for Extension beyond policy period.
- ii) Additional rates for Earthquake (Fire & Shock) Perils during Extension period .

- D) In respect of some of the Items (like Computer, Railway electrification, Tanks, Transmission Lines etc.) of the Rate schedule and the claims arising out of Acts of God and Fire Perils, the Excess amount is expressed as percentage of the claim amount. For such items, if higher Excess amounts are selected and corresponding discount is enjoyed in the EAR/SCE rate, the minimum amount for the excess expressed in percentage has to be increased in the same proportion of the Normal and testing period Excesses.

### **13. CLEARANCE AND REMOVAL OF DEBRIS -**

The rate applicable for Storage-cum Erection cover is to be charged on the limit of Sum Insured fixed for 'Clearance and Removal of Debris.'

Where the Project is a mix of both old and new machinery, the EAR/SCE Rate as applicable for the new machinery is to be charged on the limit of sum insured selected for Clearance and Removal of Debris.

**Note-** In case of clearance and removal of debris clause, if no premium is realized, the question of Indemnification of such expenses would not arise. However, if for such damaged property which may have a salvage value, retrieval expenses are incurred, such expenses may be paid for on merits of each case.

The policy Excess (Normal/Testing Period) should apply for the Clearance and Removal of Debris' claims.

No separate excess for debris removal need be applied. Only one excess which shall be the policy excess shall apply on such claims.

**14. A) THIRD PARTY LIABILITY COVER -**

The rate as applicable for Storage cum Erection Cover is to be charged for Third Party Liability Cover, upto the following limits –

- |   |   |   |   |
|---|---|---|---|
| i) For policies with Sum Insured upto Rs. 10 Crores     | } | <ul style="list-style-type: none"> <li>▪ Any one person</li> <li>▪ Any one accident</li> <li>▪ During the entire period of SCE/EAR cover</li> </ul> | Upto Rs. 1 Crore  |
| ii) For policies with sum insured above Rs. 10.0 Crores | } | <ul style="list-style-type: none"> <li>▪ Any one person</li> <li>▪ Any one accident</li> <li>▪ During the entire period of SCE/EAR cover</li> </ul> | 10% of the completely erected value of the project or Rs.10 Crores whichever is lower |

Third Party Liability Insurance in excess of the above limits should be underwritten in the Miscellaneous Department at the discretion of the Insurer.

Where the Project is mix of both old and new machinery the EAR/SCE rate as applicable for the new machinery is to be charged on the limit of sum insured selected for Third Party Liability.

The Policy Excesses (Normal/Testing Periods) should apply for Third Party Liability Property Damage Claims.

For Third Party Liability claims arising out of Acts of God Perils, the Excess applicable to AOG claims should apply.

The Sum Insured for TPL Cover cannot be reinstated after occurrence of loss.

The Tariff extension rate shall apply for TPL Cover also during extension period.

When different sections of Project are covered for different extension periods under the policy, the highest of such Tariff extension rates shall be charged for TPL cover during extension.

Third Party Liability Cover cannot be granted during extended maintenance.

**B) CROSS LIABILITY COVER -**

The Third Party Liability Cover can be modified to offer cover to the insured parties named in the Policy schedule as if a separate policy has been issued to each party. The additional premium for this purpose shall be 50 % of the premium applicable for TPL cover as in (A) above.

**15. TERRORISM COVER -**

No additional rate is to be charged for this cover.

**16. CIVIL WORKS -**

The civil works related to machinery foundations should necessarily be covered along with the machinery under EAR/SCE Policies.

The rate as applicable for EAR/SCE cover is to be charged on the limit of Sum Insured fixed for civil works.

The policy excess (Normal/Testing period) should apply for Civil Works also.

**17. COST OF ERECTION -**

The rate applicable to Cost of Erection would be the EAR/SCE rate.

**18. SURROUNDING PROPERTY OF THE INSURED -**

For covering the specified surrounding property of the Insured the rate applicable will be 50 % of the EAR/SCE rate and should be charged on the limit of sum Insured selected for surrounding property.

Where the project is a mix of both old and new machinery 50 % of the EAR/SCE Rate as applicable for new machinery is be charged on the limit of sum insured selected for surrounding property.

The policy excesses (Normal/Testing period) should apply for surrounding property also.

Reinstatement of the indemnity limit on payment of additional premium after occurrence of claim can be allowed for this extension.

#### **19. ESCALATION PROVISION -**

Whenever additional Sum Insured is required for Escalation in the values, the Escalation Benefit will be limited to a maximum of 50 % of the sum insured for EAR/SCE (the escalation limit shall be expressed in percentage) and will be permitted only once at the time of inception of the EAR/SCE Policy.

Additional Premium should be charged for 'Escalation Provision' at the rates prescribed for EAR /SCE), but on the 50 % of the amount of escalation.

The method of premium calculation will be as under: –

- |  |                           |
|--|---------------------------|
| a) Assume the Project Sum Insured:   | Rs. 4 Crores              |
| b) Assume Escalation percentage is   | 10 % i.e. Rs. 40,00,000/- |
| c) Additional premium to be charged at the prescribed rate for EAR/SCE cover will be on 50 % of the Escalation Provisional Cover | i.e. on Rs. 20, 00,000/-  |

#### **20. MID-TERM INCREASE IN SUM INSURED -**

If the Sum Insured for EAR/SCE is required to be increased during the Policy period the premium should be collected on the additional Sum Insured at applicable EAR/SCE rate. It is not permissible to charge pro-rata premium on such increased Sum Insured.

Mid-term increase in Sum Insured shall be affected only after the same has been recorded in the policy by the Company, before the occurrence of any claim.

In such cases, no additional volume discount shall be applicable.

**21. ADDITIONAL RATE FOR EXPRESS FREIGHT (AIR FREIGHT EXCLUDED) HOLIDAY AND OVERTIME RATES OF WAGES -**

The additional premium for covering Express Freight (Air Freight excluded) Holiday and Overtime Rate of Wages will be at the basic SCE Rate (excluding extras for Earthquake, Dismantling etc.) to be applied on the limit selected.

Reinstatement of the indemnity limit on payment of additional premium after occurrence of claim can be allowed for this extension.

**22. ADDITIONAL RATE FOR AIR FREIGHT ONLY -**

The Rate and Excess as under shall be charged exclusively for items of Air Freight only and subject to the limit selected by the Insured for Indemnity against Air Freight only –

Rate	5 % on the amount of indemnity selected
Excess	5 % of the Air Freight incurred per claim, in addition to policy Excess.

Reinstatement of the indemnity limit on payment of additional premium after occurrence of claim can be allowed for this extension.

Air Freight cover applies to both Marine and SCE portion of a MCE Policy.

**23. ADDITIONAL CUSTOMS DUTY -**

The cover for Additional Customs Duty will be subject to the following rates, terms and conditions -

- a) The cover for Additional Customs Duty will be on first Loss Basis.
- b) The specific amount for Additional Customs Duty has to be selected by the insured at the inception of the policy and **cannot** be reinstated in the event of loss.
- c) The rate and excess will be as under –

Rate	2 % to be charged on the Additional Customs Duty amount selected.
Excess	5 % of the Additional Custom Duty incurred, in addition to the excess amount applicable for the affected item under the policy.

**Note** -*This extension can also be made available to projects in respect of which the original imports are exempted by the Govt. of India from payment of Custom Duty but the Custom Duty is payable on replacement items. In such cases the basic duty component taken into account in arriving at the sum insured shall be considered as ZERO.*

The provision to grant cover for additional custom duty applies to both Marine and EAR portions if combined MCE Policy is issued. In cases where separate Marine and EAR policies are issued, the Marine policy should be specifically endorsed to this effect.

Under the Endorsement Regarding Customs Duty, only Sea Freight Charges could be taken into account even though the replacement supplies had been air freighted and the policy has been endorsed for 'Air Freight' Cover.

#### **24. CONSTRUCTION MACHINERY PLANTS AND EQUIPMENTS -**

A separate Sum Insured is to be fixed for Construction Plant, Machinery and Equipments used for projects Insured.

a) Sum Insured of CPM equipment not exceeding 5 % of EAR/SCE Sum Insured -

Where the Sum Insured for Construction Plant, Machinery and Equipment does not exceed 5 % of the Sum Insured for EAR/SCE Insurances, or Rs. 25 lakhs whichever is lower, the same can be covered under the EAR/SCE Policy at Rates and Excesses, applicable for EAR/SCE.

b) Sum Insured for CPM equipment exceeding 5% of EAR/SCE Sum Insured -

Where the Sum Insured for Construction Plant, Machinery and Equipments exceeds 5 % of Sum Insured for EAR/SCE Insurance or Rs. 25 lakhs whichever is lower, the same should be separately covered under the Contractor's Plant and Machinery Insurance Policy at rates and excesses as per the Tariff for rating of CPM Insurances.

## 25. RATES FOR EXTENSION BEYOND POLICY PERIOD -

### A) Normal Period -

	Normal Period	Rate per mille
i)	1 month or part thereof	0.30
ii)	Exceeding 1 month but not exceeding 2 months	0.50
iii)	Exceeding 2 months but not exceeding 3 months	0.75
iv)	Exceeding 3 months but not exceeding 6 months	1.20
v)	Exceeding 6 months but not exceeding 9 months	1.75
vi)	Exceeding 9 months but not exceeding 12 months	2.00
vii)	Exceeding 12 months but not exceeding 15 months	2.25
viii)	Exceeding 15 months but not exceeding 18 months	2.50
ix)	Exceeding 18 months but not exceeding 21 months	2.75
x)	Exceeding 21 months but not exceeding 24 months	3.00
xi)	30 months*	3.25
xii)	36 months*	3.50
xiii)	42 months*	3.75
xiv)	48 months*	4.00

and so on for longer extensions.

- whenever extension is sought for periods longer than 24 months, the rate for such extension periods shall be Rs. 3.00 per mille for the first 24 months as tariffed + prorata, the balance extension period bears on a period of 24 months.

Extension rates shall apply on the value on the remaining part of the project, which is yet to be completed (i.e. which have not gone out of EAR/SCE Cover).

Volume Discount is not applicable but higher excess discount is permitted on the extension rate.

Excess will be as per original policy. (ie Higher Excess Discount shall be allowed on the extension rate, if the original policy carried Higher Excess Provision)

Irrespective of the number of extensions availed of by the Insured the above extension rates will apply for each extension.

For the risks located in Earthquake Zones Pro-rata extra of the additional rates for Earthquake will also apply for Extension Periods beyond Policy period, in addition to the Normal extension Rates for EAR/SCE Cover pre scribed above.



## 26. MAINTENANCE VISITS COVER AND EXTENDED MAINTENANCE COVER –

This cover should be granted at the inception of the policy only. It cannot be granted just prior to commencement of maintenance period.

The policy can be extended to cover the maintenance visits/extended maintenance ( Refer Endt. No. 113)

The following rates and excesses should be charged for maintenance cover -

Details of cover	Rate (per mille)		Excess
	for 6 months	for 12 months	
i) Maintenance visits cover	0.25	0.50	As applicable for testing period
ii) Extended maintenance cover	0.50	1.00	-do-

### Notes –

- a) Charging premium on pro-rata basis for periods less than 6 months, or 6 to 12 months shall not be allowed.
- b) These covers could be granted for periods exceeding 12 months, as required under the contract at the rate of Rs 1.00 per mille per annum.
- c) In case of deletion of maintenance visit/extended maintenance cover (availed at inception of policy) before attachment of risk, refund of premium may be given by retaining 25 % of the premium under this extension.
- d) In case the risk is attached, no refund shall be allowed for deletion of maintenance visit/extended maintenance cover.

## 27. TEST RUN DEFINITION IN RESPECT OF THERMAL POWER PLANTS-

The entire Power Station machinery are deemed to have commenced their first test operation or test loading from the date of synchronisation of the Turbo Generator set with the grid system/bus bar provided the date of synchronisation is within 72 hours from the date of introduction of steam into turbine and shall continue till the Turbo Generator Set is operated at full load for a continuous period of 72 hours or until expiry of testing period

granted under the policy whichever is earlier. If, however, the date of synchronisation exceeds 72 hours from the date of introduction of steam of the first trial operation test loading is deemed to have commenced from the date of introduction of steam into the turbine of the Turbo Generator set.

## **28. TESTING PERIOD FOR PLANTS OTHER THAN THERMAL POWER PLANTS -**

Testing period available under the policy shall cease to operate with the commencement of the commercial production or with the handing over of the plant to the principal whichever is earlier. In no case, the duration of the testing period shall exceed 12 months.

## **29. SUSPENSION OF TESTING PERIOD -**

If testing is suspended after commencement of test run and if such period during which no testing activity is carried on exceeds 7 days in duration, it can be treated as erection period, provided

- i) it is within the policy period,
- ii) it does not fall within testing extension period.
- iii) it is due to fortuitous accident happening anywhere at site and
- iv) situation is beyond the control of insured

In consideration of this, the testing period shall remain reduced by number of days the testing was carried out in the initial test run.

## **30. COMBINED CYCLE POWER PLANTS-**

In those cases, where both GT's & ST's are covered under the same EAR/SCE policy for a common period of insurance, the policy can be extended to cover OPEN CYCLE Mode of GT's at following rates -

- Within policy period - Re. 1.00 per mille per month or part thereof

Note – Gas Turbines, which are covered under separate policies have to be considered operational and the EAR/SCE covers can not be extended to cover such GTs during OPEN CYCLE modes.

## **31. COVER FOR CATALYST UNDER SCE/EAR POLICY ISSUED TO FERTILISER & CHEMICAL PLANTS-**

- a) The Catalyst is automatically covered for storage and Erection risks at the normal EAR/SCE rate if the value of Catalyst is included under the sum insured.

- b) For covering the catalyst during hot testing period the additional rate applicable is Rs. 20/- per mille (to be charged on the value of the catalyst) with an Excess of 5 % of the value of the catalyst subject to a minimum of Rs. 2,50,000/- over and above the excess as applicable under the policy.
- c) If both equipments and catalysts are damaged, the respective excesses on equipments and catalyst shall be applicable separately.

### **32. REFUND OF PREMIUM FOR EARLY COMPLETION OF THE PROJECT -**

Refund of premium for completion of the project earlier than the period mentioned in the policy schedule for any project (including the testing period) may be allowed subject to the undernoted conditions being complied with -

- a) The period of insurance is 18 months and above.
- b) Notice for early completion being given in advance to the insurer i.e. before commencement of testing or in any case not later than 7 days after commencement of testing.
- c) Claims Experience under the policy being less than 60 %.
- d) The minimum period for which refund can be claimed shall be 3 months.
- e) The refund of premium would be allowed only after re-working of the premium on reduced policy period.

### **33. REFUND OF PREMIUM FOR CANCELLATION OF EAR/SCE POLICY -**

Proposals for refund of premium due to cancellation of policies under EAR/SCE Insurances due to abandonment of projects, double insurance etc.; which were rated by the TAC, should be referred to TAC.

### **34. GROSS RATES -**

All rates specified in the Tariff are Gross rates and Agency commission (or discount in lieu of Agency Commission) can be allowed from these Gross Rates, as per Rules prevailing.

### **35. ISSUE OF FIRE POLICY DURING THE TESTING PERIOD -**

No Fire Policy can be issued during 'Testing Period' for items covered under EAR/SCE policy.

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## ENDORSEMENTS

### ENGG/END-101: CIVIL ENGINEERING WORKS -

It is hereby declared and agreed, subject to the exceptions contained herein, or endorsed hereon, that this Policy is extended to cover the risks of loss or damage to property brought on to the Site of Erection for the performance of the erection contract, details of which are stated as under --

- a) All permanent Civil Engineering Works such as buildings, foundations earthwork including materials for the constructions thereon,
- b) All temporary works such as buildings, sheds

PROVIDED that the following exclusions shall apply -

- i) loss or damage directly caused by defective workmanship material, or design or wear and tear,
- ii) loss or damage directly caused by mechanical breakdown or derangement,
- iii) loss or damage directly caused by deterioration due to lack of use or obsolescence,
- iv) any loss of property either by disappearance or by shortage if such disappearance or shortage alone is revealed during and after an inventory is made,
- v) Cessation of work whether total or partial,
- vi) loss, destruction or damage of accounts, bills, currency stamps, deeds, evidence of debt, money, notes or securities.

The exclusions of loss or damage caused by (i), (ii) and (iii) above shall be limited to the machine structure or work immediately affected and shall not extend to other work or the property lost or damaged in consequence of the defect, wear & tear, breakdown, derangement or deterioration, subject to the Condition that:-

The Insured shall take all reasonable precautions in the selection of labour and to maintain in efficient condition all tools and equipments used in connection with performance of this erection contract.

Provided that all the conditions of this Policy shall apply in all respects to the Insurance granted by this extension save in so far as the same are expressly varied hereby and any reference to loss or damage in the conditions of the Policy shall be deemed to include the perils hereby insured against.

## **ENGG/END-102: Endorsements for Fire/Explosion claims and Fire Fighting -**

- I)** Applicable for all risks including hydrocarbon-processing risks. [Complying with only **minimum Requirements** of i.e. 11A I (I to XII)].

Attached to and forming part of the Policy Number \_\_\_\_\_

Notwithstanding the conditions, provisions and other endorsements of the Policy, it is agreed and understood that the company shall indemnify the Insured in respect of any loss or damage caused by Fire/Explosion only if the following requirements are fulfilled.

- i) One portable fire extinguisher of Soda Acid or water type for every 300 sq. m of storage/erection site area or small bore hose reels as per Section 4 of F.P. Manual shall be provided. The location of fire extinguishers shall be conspicuously marked by clearly visible signs. Checking and maintenances at regular intervals shall be recorded.
- ii) Trained fire fighting squad shall be maintained for the site.
- iii) Watch and Ward facility shall be provided round the clock at the site.
- iv) One fire engine of 400 GPM x 100 PSI shall always be stationed at site.

**Note** - Not applicable to policy with Sum Insured upto Rs.50 Crores.

- v) Materials and equipments stored in buildings (sheds) or in open area shall be divided into sub-units with the value, which shall not exceed 10 % of the sum insured or Rs. 50 Crores whichever is less. Wherever value of a single equipment stored exceeds this limit, its value, shall be taken as the limit. The sub-units in open area shall be separated from each other by a distance of atleast 15 meters.

In case of storage buildings, firewalls of 9" thickness carried upto roof shall be erected without any wall openings between the sub-units.

- vi) Packing materials, scaffolding etc. combustible materials and liquids and explosive substances should be stored at a 30 M safe distance from other buildings, plants and stores.
- vii) Utmost attention should be paid to good house keeping such as -
  - Orderly storage;

- Periodic removal of combustible packing material, either by burning on site at a safe distance of 100 M away or removal from the site;
- Clean - up of site atleast once a week.

viii) Open flame work (welding, cutting etc.) requires utmost caution. All combustible materials lying about must be removed or covered.

ix) Grass and/or any other vegetation in and around the site are regularly removed.

x) 'No smoking' rules must be enforced in areas exposed to fire (stores etc.) and in the vicinity of hazardous operations.

xi) Living quarters should be well separated (100 M away) from construction site.

It is further agreed and understood that the company shall not be liable for 10 % of the claim amount subject to a minimum of Rs. \_\_\_\_ (which corresponds to the deductible for claims during the testing period) for each and every claim on account of Fire/Explosion.

**II) Applicable for all risks including hydrocarbon-processing risks (wherever discount for fire fighting facilities are granted) -**

Notwithstanding the conditions, provisions and other endorsements of this Policy, it is agreed and understood that the company shall indemnify the Insured in respect of any loss or damage caused by Fire/Explosion only if the following requirements are fulfilled.

- One portable fire extinguisher of Soda Acid or water type for every 300 sq. m storage/erection site area or small bore hose reels as per Section 4 of F.P. Manual shall be provided. The location of fire extinguishers shall be conspicuously marked by clearly visible signs. Checking and maintenance at regular intervals shall be recorded.
- One fire engine or two trailer pumps of 400 GPM x 100 PSI shall be provided for every 10,000 sq. m of largest storage site with maximum of two fire engines or 4 trailer pumps. In case of Trailer pumps vehicular arrangements shall be available for towing them.
- Static water tanks of atleast 10,000 gallons capacity shall be provided, which shall be so placed that no part of storage/erection site lies beyond 100 M of atleast 2 tanks (50 M in case of storeyed structures).

**OR**

Alternatively a temporary hydrant system with atleast 4" dia hydrant shall be laid which shall always be pressurised to 1.0 KSC from where Fire Engines/Trailer pumps can draw their supply from a double hydrant (DH). Each DH may be taken as equivalent to a static water tank described above. Pumping capacity of the general water supply shall not be less than the aggregate pumping capacity of trailer pumps and/or fire engine. Storage of general water supply shall be in excess of 1,00,000 litres.

- iv) 36 hoses, 15 M long and 18 nozzles shall be provided to ensure that all parts of the contract works can be reached with water.
- v) Trained fighting squad consisting of atleast 8 persons per shift shall be maintained at the site.
- vi) Plans giving detailed proposal shall be submitted for prior approval of the committee. The risk shall be inspected by TAC Engineers before sanctioning of above discount.
- vii) Watch and Ward facility shall be provided round the clock at the site.
- viii) Materials and equipments stored in buildings (sheds) in open area shall be divided into sub-units with the value, which shall not exceed 10% of the sum insured or Rs. 50 Crores whichever is less. Wherever value of a single equipment stored exceeds this limit, its value, shall be taken as the limit. The sub-units in open area shall be separated from each other by a distance of atleast 15 metres.  
  
In case of storage buildings, firewalls of 9" thickness carried upto roof shall be erected without any wall openings between the sub-units.
- ix) Packing materials, scaffolding etc. combustible materials and liquids and explosive substances should be stored at a 30 M safe distance from other buildings, plants and stores.
- x) Utmost attention should be paid to good house keeping such as -
  - Orderly storage;
  - Periodic removal of combustible packing material, either by burning on site at a safe distance of 100 M away or removal from the site;
  - Clean - up of site atleast once a week.

- xi) Open flame work (welding, cutting etc.) requires utmost caution. All combustible materials lying around must be removed or covered.
- xii) Grass and/or any other vegetation in and around the site are regularly removed.
- xiii) 'No smoking' rules must be enforced in areas exposed to fire (stores etc.) and in the vicinity of hazardous operations.
- xiv) Living quarters should be well separated (100 M away) from construction site.

It is further agreed and understood that the company shall not be liable for 5 % of the claim amount subject to a minimum of Rs. \_\_\_\_\_ (which corresponds to the deductible for claims during testing period) for each and every claim on account of Fire/Explosion.

**ENGG/END-103: ENDORSEMENT REGARDING CROSS LIABILITY COVER -**

The following endorsement should be used for the purpose -

'It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon and subject to the insured having paid the agreed extra premium, the Third party Liability Cover of the policy shall apply to the insured parties named in the Schedule as if a separate policy had been issued to each party, provided the Company shall not indemnify the insured under the Endorsement in respect of liability **for** -

- (i) loss of or damage to items insured or insurable under Section 1 of the policy even if not recoverable due to excess or any limit,
- (ii) fatal or non-fatal injury or illness of employees or workmen who are or could have been insured under workmen's compensation and/or employer's liability insurance.
- (iii) The Insurer's total liability in respect of the insured parties shall not however exceed in the aggregate for any one accident or series of accidents arising out of one event the limit of indemnity stated in the Schedule'.

**ENGG/END-104: ENDORSEMENT REGARDING ESCALATION -**

The following Endorsement Wording has to be used for the purpose -

'In consideration of the payment of an additional premium of Rs. \_\_\_\_\_. It is hereby declared and agreed that the Company shall provide for escalation in Sum Insured under items of Section I of the schedule attached to the policy upto \_\_\_\_\_% of the Original Site value, the basis of claim settlement shall be the original Site value of effected equipment plus increase in cost of replacement, if any, provided that the increase in the value of such equipment does not exceed \_\_\_\_\_% of the original site value.

It is also hereby declared and agreed that in the event of a claim the insured would be considered as fully insured upto the Sum Insured inclusive of \_\_\_\_\_% increase as per selected escalation and under-insurance would apply only in the event of the cost of replacement of the effected equipment exceeding the original value of selected \_\_\_\_\_% towards escalation.

It is however understood and agreed that the premium collected against price escalation herein above shall not be subject to refund the premium adjustment clause in the memo 2 of the policy.

It is further understood and agreed that in case of additional premium chargeable during final adjustment, additional escalation premium will be charged to the insured but in case of any premium refundable during final adjustment no refund shall be allowed against the escalation premium already charged to the insured'.

**ENGG/ENGG-105: ENDORSEMENT REGARDING AIR FREIGHT -**

The Endorsement wording for covering the Air Freight will be as under -

'It is hereby declared and agreed that the policy shall also indemnify towards Air Freight incurred by the Insured in connection with the idemnifiable loss under the Policy.

In consideration thereof an additional premium of Rs.\_\_\_\_\_ is charged hereby.

Limit of indemnity shall be Rs. \_\_\_\_\_ during currency of the Policy.

Each and every claim shall be subject to a minimum Excess of 5 % of the admissible Air Freight incurred over and above the excess as applicable under the Policy.

Subject otherwise to terms, conditions and exceptions of the policy'.

#### **ENGG/END-106: ENDORSEMENT REGARDING ADDITIONAL CUSTOMS DUTY -**

The following Endorsement Wording to be used for the purpose -

'In consideration of the insured having paid an additional premium of Rs. \_\_\_\_ it is hereby declared and agreed that the insured shall also be indemnified during the currency of this policy, towards Additional Custom Duty Rs. \_\_\_\_ which may be incurred by the insured over and above the Custom Duty amount taken into account in arriving at the Sum Insured of the affected item.

Each and every claim payable under this extension shall be subject to an Excess of 5% of the admissible Additional Custom Duty incurred and will be in addition to the Excess amount applicable for the affected item under the Policy.

The Indemnity for such Additional Custom Duty will stand reduced after occurrence of the claim unless reinstated by payment of an additional premium prescribed by the Company.

Subject otherwise to the terms conditions and exceptions of the policy'.

#### **ENGG/END-107: ENDORSEMENT FOR TEST RUN DEFINITION IN RESPECT OF THERMAL POWER STATION:**

'Notwithstanding anything stated herein to the contrary it is hereby declared and agreed that entire Power Station machinery insured hereunder are deemed to have commenced their first test operation or test loading from the date of synchronisation of the Turbo Generator set with the grid system/bus bar provided the date of synchronisation is within 72 hours from the date of introduction of steam into turbine and shall continue till the Turbo Generator Set is operated at full load for a continuous period of 72 hours or until expiry of testing period granted under the policy whichever is earlier. If, however, the date of synchronisation exceeds 72 hours from the date of introduction of steam of the first trial operation, test loading is deemed to have commenced from the date of introduction of steam into the turbine of the Turbo Generator set.

If the trial operation/test loading is not completed within the time specified hereunder the Company may extend the period of testing on receipt of additional premium at agreed rates but in no case the total test period available under the policy shall exceed 6 months'.

**ENGG/END-108: ENDORSEMENT FOR TEST RUN DEFINITION FOR GAS TURBINES IN RESPECT OF COMBINED CYCLE POWER PLANT -**

Notwithstanding anything stated herein to the contrary, it is hereby declared and agreed that the Gas turbine insured hereunder is deemed to have commenced its first operation or test loading when the fuel is introduced in the combustion chamber of the Gas turbine unit.

**ENGG/END-109: HYDROCARBON ENDORSEMENT FOR TESTING & COMMISSIONING**

**Article 1 -**

It is warranted that the insured shall give previous notice in writing to the Company of the date of the initial start - up operation for testing of plant.

Commencing date of the initial start-up operation referred to in the preceding paragraph shall mean the date of the first introduction of feed stock or initially filled mixture of oil or Hydrocarbon for cleaning or purging or Naphtha Fuel for burning into the plant, whichever date is earlier. However the operation carried out for cleaning and purging in each individual unit will be considered a part of erection work provided such cleaning and purging work does not exceed a period of two weeks in each unit. It is however understood and agreed that during any operation whatever cleaning, purging, testing or commissioning, where hydrocarbons or Hydrogen are involved the deductible excess shall be 5 % of claim amount subject to minimum of Rs. 5,00,000/-.

**Article 2 -**

As from the introduction of hydrocarbon/feedstock into the plant, the company shall not be liable for the loss or damage to -

- a) Catalysts unless specifically covered by separate endorsement;
- b) Reforming units due to overheating or cracking of any tubes.

**Note-** Any consequential damage to the neighbouring items of plant or machinery indirectly due to cracking or overheating of tubes in reforming units is however indemnifiable under the policy.

- c) The insured plant due to overheating or cracking following an exothermic reaction.
- d) The insured plant due to non-observation of prescribed techniques or cutting out of safety devices and/or any liability resulting therefrom.

The Insurers shall only indemnify the Insured for loss or damage resulting directly or indirectly from fire and/or explosion if adequate fire fighting facilities for the insured plant are installed and rendered serviceable immediately after the completion of the rough structure of the building and before any machinery is stored and/or installed therein.

All machinery and equipments shall be stored in such a manner that the value of items stored per storing unit shall not exceed Rs \_\_\_ and that such individual storing unit shall be at least \_\_\_\_\_ feet apart separated by fireproof walls.

Should the value per storage unit exceed Rs. \_\_\_ then in the event of a claim, the liability of the Company shall be in the same proportion as Rs \_\_\_ bears to the total value of items stored in the concerned individual storage unit as defined above.

Following **article** is to be included after excluding 2(a) above, in case the Insured desires **cover for catalyst** during testing period -

**Article 3 -**

Catalyst valued at Rs. \_\_\_ are specifically covered during Hot Testing Period for any loss or damage caused by an indemnifiable loss or damage to the insured plant and/or equipment.

Each and every claim shall be subject to an excess/deductible franchise of 5 % of the value of catalysts in the system subject to a minimum of Rs.2, 50,000/- which is the Hot Testing period Excess/Deductible Franchise.

**ENGG/END-110: ENDORSEMENT CONCERNING STORAGE -**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss of or damage to the Insured items during storage upto a value per storage unit not exceeding the equivalent of Rs.\_\_\_\_\_.

The individual storage units shall be either atleast 50 m apart or separated by fireproof walls.

**ENGG/END-111: ENDORSEMENT REGARDING SAFETY MEASURES -**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall only indemnify the Insured for loss, damage or liability directly or

indirectly caused by flood and inundation if adequate safety measures have been taken during planning and execution of the project.

Adequate safety measures in this context shall mean that the average monthly rainfall, flood and inundation hazard as known from statistics of the competent meteorological offices for the respective month and location has been taken into account.

**ENGG/END-112: ENDORSEMENT REGARDING DAMAGE TO CROPS, FORESTS ETC.**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall not indemnify the Insured for loss, damage or liability directly or indirectly caused to crops, forests and/or any cultures during the execution of the contract works.

**ENGG/END-113: MAINTENANCE VISITS AND EXTENDED MAINTENANCE COVER -**

**a) Limited Maintenance Visits Cover:**

In consideration of the payment of an additional premium by the insured (which is included in the Total Premium set forth in the schedule), it is hereby declared and agreed that the indemnity provided by this policy is extended to include maintenance cover for the period of \_\_\_\_ months to be reckoned from the date of completion of Testing, provided the policy period has been extended till completion of Testing. However, during the Maintenance Period this Insurance shall cover solely loss of or damage to the contract works caused by the insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.

**b) Extended Maintenance Cover -**

In consideration of the payment of an additional premium by the Insured (which is included in the total premium set forth in the schedule) it is hereby declared and agreed that the indemnity provided by this policy is extended to include Maintenance Cover for the period of \_\_\_\_ months to be reckoned from the date of completion of Testing, provided the policy period has been extended till completion of Testing. However, during the Maintenance period this insurance shall cover loss or damage to the contract works -

- i) Caused by the Insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.

- ii) Occurring during the maintenance period provided such loss or damage was caused on the site during the erection period.

**WARRANTY CONCERNING EXTENDED MAINTENANCE COVER**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, this insurance shall be extended for the maintenance period specified hereunder to cover loss or damage to the contract works -

- Caused by the insured contractor(s) in the course of the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.
- Occurring during the maintenance period provided such loss or damage was caused on the site during the erection period before the certificate of completion for the loss or damaged section was issued.

Maintenance cover from \_\_\_\_\_ to \_\_\_\_\_

Extra premium \_\_\_\_\_

**ENGG/END-114: WARRANTY CONCERNING UNDERGROUND CABLES AND PIPES -**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the insurers shall only indemnify the Insured in respect of loss of or damage to existing underground cables and/or pipes or other underground facilities if, prior to the commencement of works, the Insured has enquired with the relevant authorities about the exact position of such cables, pipes or other underground facilities.

The indemnity shall in any case be restricted to the repair costs of such cables, pipes or other underground facilities, any consequential damage being excluded from the cover.

**ENGG/END-115: SPECIAL CONDITIONS FOR OPEN TRENCHES DURING LAYING OF PIPELINES DUCTS AND CABLES -**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers will indemnify the Insured for any loss or damage due to storm, rainfall, flood, inundation such as sanding, silting up, mudding up, erosion, collapse and floating up of pipes, ducts or cables, sustained by completely or partly

excavated open trenches and/or items laid therein, upto a maximum length of \_\_\_\_ kM open trench only one loss event.

The Insured shall make sure that plugging facilities are available near the pipe ends for emergency purposes and that pipe ends exposed to flooding are plugged before any interruption during idle work periods such as nights and holidays.

**ENGG/END-116: COVER OF LEAK SEARCH COSTS WHEN LAYING PIPELINES -**

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the policy or endorsed thereon, the Insurers shall indemnify the Insured also for the following items under this policy-

- a) Leak search costs following hydrostatic test (including the cost of leasing special apparatus, cost of operation and transport of such apparatus).
- b) Earthwork on a trench not damaged itself, search earthwork becoming necessary in the search for and repair of leaks, e.g. excavation, uncovering of the pipeline, backfilling.

Provided that -

the leak has been caused by an indemnifiable event or is attributable to faulty execution on the site, and 100 % of the welding seams have been X-rayed and any deficiencies discovered thereby have been removed properly.

Indemnity shall be

limited in the aggregate    }  
                                   per testing section    }  
                                   during one policy period }

Costs caused by faulty repair of welding seams shall be excluded from the cover.

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## **ANNEXURE - I**

### **NORMS FOR RATING OF LARGE MCE/EAR/SCE/CAR PROJECTS WITH SUM INSURED ABOVE Rs.100 CRS. AND UPTO Rs. 1500 CRS.**

All proposals in respect of projects valued above Rs.100 Crores and upto Rs.1500 Crores will be rated as per the norms contained below.

1. Compute basic rate as per EAR/SCE/CAR tariffs without application of discounts.
2. Apply Volume discount on the basic rate as per following Scale:-

<u>Sum Insured</u>	<u>discount(%)</u>
Above 100 Crores & upto 350 Crs.	10
Above 350 Crs. & upto 700 Crs.	15
Above 700 Crs. & upto 1500 Crs.	22 ½

'Sum Insured' should be the aggregate of the following items only as is existing in the Committee's EAR/SCE/CAR Tariff.

- A) Marine (Imports) - Landed cost at site
- B) Marine (Indigenous) - Landed cost at site
- C) Cost of Erection/Construction
- D) Permanent Civil Engineering Works
- E) Half the escalation value if escalation is opted for.

3. Apply Voluntary Excess Discount on the net rate arrived as in (2) above, as per the following scale:

<u>Voluntary Excess</u>	<u>Discount</u>
2 times compulsory excess	5%
5 times -do-	10%
10times -do-	20%
20times -do-	30%
30times -do-	35%
40times -do-	40%
50times -do-	45%
100 times -do-	50%
More than 100 times compulsory Excess	55%

N.B: Net discounted EAR/SCE/CAR rate shall not be less than 30% of basic rate so arrived as in (1) above.

4. Adjust the net rate as arrived in (3) above, by addition/subtraction of the following additional extras/reductions corresponding to various additional covers listed in the Annexure - 2 to arrive at the overall net rate.

Extra rates for additional covers:

GROUP CODE	EXTRA RATES
'0'	Nil
'A'	0.05 per mille
'B'	0.10 per mille
'C'	0.15 per mille
'D'	0.20 per mille

5. For any additional cover, not listed in the Annexure-2, reference may be made to Committee.
6. Rating of DSU/ALOP Proposals: All proposals where the sum Insured is above Rs.100 Crs. and upto Rs.1500 Crs should necessarily be rated as per these norms, irrespective of DSU/ALOP covers. Only the rating of DSU/ALOP covers stand outside the purview of the Committee.
7. Projects valued in excess of Rs.1500 Crs. can be rated on the basis of Re-insurance quotes. In other words, projects valued in excess of Rs.1500 Crs. go out of Tariff.

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## **ANNEXURE II**

	Additional Covers	Limits	Rating Group Code	Rate per mille
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
a)	Owners' surrounding property N.B: If the cover is required during the maintenance period also, the extras applicable for each group shall be loaded by 10%	Upto 10% of policy SI without FLEXA risks:---  Upto 10% of policy SI with FLEXA risks  Above 10% of Policy SI but without FLEXA Risks  Above 10% of policy SI but with FLEXA risks	A  B  C  D	0.05  0.10  0.15  0.20
b)	50/50 clause		O	Nil
c)	72 hrs. clause		O	Nil
d)	Free automatic reinstatement clause	Upto 10% of SI....  Above 10% and upto 50% of SI  Above 50% and upto full SI	O  A  B	Nil  0.05  0.10
e)	Loss minimisation expenses		O	Nil
f)	Debris Removal limit per occurrence	Upto Rs.50 lacs  Above 50 lacs and upto Rs.10 Crs.  Above Rs.10 Crores and upto Rs.25 Crs.  Above Rs.25 Crs.	O  A  B  C	Nil  0.05  0.10  0.15
g)	Professional Fees		O	Nil
h)	Cover for offsite storage/fabrication		A	0.05

	Additional Covers	Limits	Rating Group code	Rate per mille
(1)	(2)	(3)	(4)	(5)
i)	T.P.L. Cover With or without Cross Liability extension within geographical limits of India  <u>TPL Cover during Maintenance period</u>	i)AOA limit upto Rs.10 cr.  ii)AOA limit above Rs.10 cr. but upto Rs.25 Cr.  iii)Above 25 Cr... <b>separate cover to be issued</b>  25% loading on the above rates	A  B  --	0.05  0.10  --
j)	Waiver of contribution clause	N.B.:This should be restricted between Principal and the contractor and should not be waived for others.	O	Nil
k)	Escalation costs	Upto 10% of policy Sl...  Above 10% of policy SI and upto 50%	A  B	0.05  0.10
l)	Waiver of Subrogation Clause		A	0.05
m)	Expediting cost including Air Freight and Express Freight	Upto 30% of net claim amount Beyond 30%	O A	Nil 0.05
n)	Extended maintenance cover	(for every 12 months or part thereof)	A	0.05
o)	Continuity of cover during operational phase for Unit/Plant tested but awaiting integral testing (along with other units/Plants)	(for every month or part thereof)	D	0.20
p)	Design Defect cover as per 'D'4 wording of Munich Re		D	0.20
q)	Amendment in Fire fighting endorsement wording		O	Nil
r)	Additional Custom duty	Upto Rs.10Cr....  Rs.10 Cr. To Rs.30 Cr.  Beyond Rs.30 Cr.	O  A  C	Nil  0.05  0.15
s)	<b>Wilful negligence</b>	<b>Not to be covered at any cost</b>	--	--

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