

Forming part of Policy No:

Terrorism Damage Cover Endorsement - Material Damage and Advanced Loss Of Profit

INSURING CLAUSE

Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment by the Insured to the Company of additional premium as stated in the Schedule, it is hereby agreed and declared that notwithstanding anything stated in the "Terrorism Risk Exclusion" of this Policy to the contrary, this Policy is extended to cover:-

(i) Physical loss or physical damage occurring during the period of this Policy caused by an act of terrorism, subject to the exclusions, limits and excess hereinafter contained.

For the purpose of this cover, an act of terrorism means an act or series of acts, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act, 2008 or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.

(ii) loss, damage, cost or expense directly caused by, resulting from or in connection with any action taken in suppressing, controlling, preventing or minimizing the consequences of an act of terrorism by the duly empowered government or Military Authority.

Provided that If the Insured is eligible for indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this Policy shall be excess of any recovery due from such plan or scheme.

For the purpose of the aforesaid inclusion clause, "Military Authority" shall mean armed forces, para military forces, police or any other authority constituted by the government for maintaining law and order.

(iii)

1. The insurer shall indemnify the insured for a loss of the interest insured unless specifically excluded if at any time during the period of insurance the property insured under Material Damage section suffers loss or damage indemnifiable under (i) and (ii) above or which would have been indemnifiable under (i) and (ii) but for the application of a deductible, thereby causing an interference in the construction, erection or testing time schedule resulting in a delay in start-up of the business insured.

2. The indemnity for the loss of interest insured shall be in respect of:

2.1. gross profit, the loss actually sustained during the indemnity period resulting from a reduction in turnover including any increased cost of working or

2.2. specified standing charges, the amount actually not earned during the indemnity period resulting from a reduction in turnover including any increased cost of working.

3. The indemnity shall not exceed the sum insured for the maximum indemnity period.

Sum insured

The sum insured shall be

1. the annual gross profit specified in the schedule or
2. the annual specified standing charges.

Should the maximum indemnity period exceed twelve months, the gross profit or the specified standing charges shall be the pro rata amount for that period.

Period of insurance

1. The insurance cover under this section shall begin upon commencement of physical work or storage on the site or the inception date specified in the schedule, whichever is the later.

2. All insurance cover under this section shall cease on the scheduled date of commencement of the business insured or on the date of commencement of the business insured, whichever is the earlier.

3. No extension of the period of insurance under Material Damage section shall automatically extend the period of insurance for this section.

4. Any anticipated change in the scheduled date of commencement of the business insured shall be reported to the insurer and be effective for this section only if specifically agreed upon by the insurer in writing.

5. If as a result of a delay in start-up, the period of insurance under this section is to be extended, the time excess and the indemnity period shall be renegotiated and agreed upon in writing.

Indemnity period

The indemnity period shall be the period during which the interest insured is affected as a result of the delay in start-up, beginning on the scheduled date of commencement of the business insured and not exceeding the maximum indemnity period specified in the schedule.

Premium

- The premium shall be paid at the inception of this section and shall be calculated by multiplying the sum insured by the premium rate.
- If the insured declares and his auditors have certified that the amount of the gross profit during the accounting period of twelve months following the date of commencement of the business insured or the date on which, but for the delay in start-up, the business insured would have commenced was less than the annual sum insured, a pro rata return of premium not exceeding one third of the premium paid shall be made in respect of the difference.
- If any loss or damage has occurred giving rise to any payment in respect of a loss of the gross profit, then the amount calculated before application of the time excess shall be added to the amount certified by the insured's auditors in above mentioned clause and any return of premium shall be based on the difference between such sum and the sum insured.

Claims notification and the insured's special obligations following an occurrence of loss or damage

1. In the event of any occurrence of loss or damage which might cause a delay in start-up leading to a claim under Advanced Loss of Profits-
 - 1.1. the insured employer shall immediately notify the insurer and send it written confirmation thereof within forty-eight hours of the occurrence;
 - 1.2. the insurer or the insurer's agent shall have unlimited access to the site to establish the possible cause and extent of the loss or damage, its effect on the interest insured, to examine the possibilities for minimizing the delay in start-up and if necessary to make reasonable recommendations for the avoidance or minimization of such delay.
2. In the event of a claim being made under this section, the insured shall at his own expense deliver to the insurer not later than thirty days after the delay in startup or within such further periods as the insurer may allow in writing a written statement setting forth particulars of the claim.
3. The insured shall at his own expense produce and furnish to the insurer such books of account and other business books or other evidence as may reasonably be required by the insurer for the purpose of investigating or verifying the claim together with, if required, a statutory declaration of the truth of the claim and of any matters connected therewith.

Conditions for loss settlement

In the event of a loss of interest insured, the basis of loss settlement under this section shall be as follows:

1. Loss of gross profit

- 1.1. In respect of loss of gross profit, the insurer shall pay the amount obtained by multiplying the rate of gross profit by the amount by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the delay in start-up not occurred.
- 1.2. If the annual sum insured hereunder is less than the amount obtained by multiplying the rate of gross profit by the annual turnover or, if the maximum indemnity period exceeds twelve months, the turnover calculated for the equivalent period, the amount payable shall be reduced proportionately.

2. Specified standing charges

- 2.1. In respect of specified standing charges, the insurer shall pay the amount obtained by multiplying the percentage by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the delay in start-up not occurred by the amount of specified standing charges incurred during the indemnity period.
- 2.2. If the sum insured hereunder is less than the amount obtained by multiplying the rate of gross profit by the annual turnover or, if the maximum indemnity period exceeds twelve months, the pro rata turnover for that period, the amount payable shall be reduced proportionately.

3. Increased cost of working

- 3.1. In respect of increased cost of working, the insurer shall pay the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which, without such expenditure, would have occurred during the indemnity period after the time excess.

- 3.2. The indemnity shall not exceed the amount of loss of interest insured thereby avoided.

4. Calculation of rate of gross profit and annual turnover

- 4.1. In calculating the rate of gross profit and annual turnover, the following aspects shall be taken into consideration:

4.1.1. The results of the business insured for the 12-month period after the date of commencement of the business insured;

4.1.2. Any circumstances which would have affected the business insured had the delay in start-up not occurred;

4.1.3. Any circumstances affecting the business insured after the actual date of commencement of the business insured.

4.2. The final figures shall represent as closely as may be deemed reasonable the results which the business insured would have achieved after the scheduled date of commencement of the business insured had the delay in start-up not occurred.

4.3. If through measures undertaken to avoid or minimize the delay in start-up a financial advantage accrues to the benefit of the insured during the period of the time excess or up to six months beyond the indemnity period, this financial advantage shall be taken into account in determining the indemnity.

4.4. Liquidated damage for which any contractor is obliged to indemnify the insured shall be deducted from the loss of interest insured.

Progress reports

1. The insured shall provide the insurer with updated progress reports at the intervals stated in the schedule.

2. The progress report shall show the progress of the work on the insured contract(s) in relation to any contractual programme of work prepared by any contractor.

3. The progress report shall identify any delays or potential delays in the progress of work and the effect of such delays in terms of a potential claim under this section and any measures taken or intended to be taken to minimize the effect of any such delays.

Definitions applicable to Business Interruption Section/Advanced Loss of Profits only Annual turnover means the turnover which, had the delay in start-up not occurred, would have been achieved during the twelve months after the scheduled date of commencement of the business insured.

Business insured means the commercial operation of the property insured specified in the schedule to this section.

Date of commencement of the business insured means the actual date on which the business insured commenced.

Debt service charges means the amount of the annual payment(s) of interest and if specified the principal on borrowings due by the insured employer.

Delay in start-up means a delay in the scheduled date of commencement of the business insured.

Gross profit means the amount by which the value of the turnover and the value of the closing stock exceeds the value of the opening stock and the amount of the specified working expenses. The value of the opening and closing stocks shall be calculated in accordance with the insured's normal accounting methods, due provision being made for depreciation.

Increased cost of working means the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of gross profit which, without such expenditure, would have taken place.

Interest insured means either the gross profit including any increased cost of working or the specified standing charges including any increased cost of working.

Maximum indemnity period means the maximum period specified in the schedule in respect of which cover is afforded for the interest insured by this section.

Rate of gross profit means the percentage of gross profit which, had the delay in start-up not occurred, would have been earned on the annual turnover.

Scheduled date of commencement of the business insured means the date specified as such in the schedule or any revised date upon which the business insured would have commenced had the delay in start-up not occurred.

Specified standing charges means any fixed costs specified in the schedule which continue to be payable in full during the indemnity period.

Specified working expenses means any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies unless required for the upkeep of operations and any costs of packaging, carriage, freight, intermediate storage, turnover tax, purchase, tax, licence fees and royalties, insofar as such costs are dependent on turnover.

Time excess means the period specified in the schedule for which the insurer is not liable.

Turnover means the amount of money (less discounts) paid or payable to the insured for goods, products or services sold, delivered or rendered in the course of the business insured.

LOSSES EXCLUDED

(A) For Materials Damage

This cover shall not indemnify loss of or damage to property caused by any or all of the following:

1. Loss by seizure or legal or illegal occupation;
2. Loss or damage caused by:
 - (i) voluntary abandonment or vacation,
 - (ii) confiscation, commandeering, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority,
 which deprives the Insured of the use or value of its property;
3. loss or damage arising from acts of contraband or illegal transportation or illegal trade;
4. 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;
5. 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;

6. 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;
7. any fine, levy, duty, interest or penalty or cost or compensation/damages and/or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person;
8. 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;

9. loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest, riots or civil commotion;
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 insured hereunder;
11. 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;
12. 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;
13. loss or increased cost as a result of threat or hoax;
14. loss or damage caused by or arising out of burglary, house - breaking, looting, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of terrorism;
15. loss or damage caused by mysterious disappearance or unexplained loss;
16. loss or damage directly or indirectly caused by mould, mildew, fungus, spores or other micro-organism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health;
17. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind.

(B) For Advanced Loss of Profit

The following shall be excluded from the cover provided by this section:

1. Loss of interest insured due to any delay in start-up resulting from:
 - 1.1. loss or damage covered under material damage section by way of endorsement unless expressly specified as covered in the schedule;

- 1.2. Earthquake, volcanic eruption or tsunami, unless expressly specified as covered in the schedule;
 - 1.3. loss of or damage to the employer's property;
 - 1.4. loss of or damage to fuel or feedstock or any materials necessary for the business insured unless expressly agreed to form part of the property insured under Material Damage section;
 - 1.5. redesigning, altering, adding to or improving the property insured or rectifying defects or faults;
 - 1.6. loss of or damage to the property insured under Material Damage section or any part thereof
 - 1.6.1. which has been taken into use or occupation or
 - 1.6.2. for which a taking-over certificate has been issued or is deemed to have been issued;
 - 1.7. loss of or damage to items of a prototype nature, unless expressly specified as covered in the schedule;
 - 1.8. any restrictions imposed by a public authority;
 - 1.9. non-availability of funds;
2. the amounts of any fines or damages for breach of contract, for late or non- completion of orders or for penalties of whatever nature;
3. loss of interest insured resulting from suspension, lapse or cancellation of a lease, licence, order, contract or agreement other than the loss of interest insured incurred during the delay in start-up.
4. loss arising from Contingent Business Interruption Extension of Business Interruption/Advanced Loss of Profit Section under this policy, comprising of Customers and Suppliers premises, Prevention of Access and Public Utilities.

LIMIT OF INDEMNITY

The limit of indemnity under this cover shall not exceed the Total Sum Insured for Material Damage and Advanced Loss of Profits given in the Policy Schedule or INR 20,000,000,000 whichever is lower. The limit of indemnity in respect of Advanced Loss of Profits alone shall not exceed the Advanced Loss of Profits Sum Insured or INR 7,500,000,000 whichever is lower. In respect of several insurance policies within the same compound/location with one or different insurers, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000 for Material Damage and Advanced Loss of Profits. If the actual aggregate loss suffered at one compound/location is more than INR 20,000,000,000 for Material damage and Advanced Loss of Profits, the amounts payable towards individual policies shall be reduced in proportion to the sum insured of the policies.

EXCESS

A. For material damage*

Shops & Residential Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 10,000 and Maximum of INR 500,000

Non-Industrial Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 25,000 and Maximum of INR 1,000,000

Industrial Risks: 5% of the claim amount for each and every claim subject to Minimum of INR 100,000 and Maximum of INR 25,00,000

*Whichever is applicable

B. For Advanced Loss of Profit

In respect of a loss of interest insured the insurer shall not be liable for the amount obtained by multiplying the average daily value of the loss of interest insured sustained during the indemnity period by the number of days specified in the schedule as the time excess for Advanced Loss of Profits cover, but not less than 30 days.

ADD ON COVERS

It is further declared and agreed that the limit of indemnity including the claim on add on cover(s) shall not exceed total sum insured plus separate sublimit opted for add on cover(s) or INR 20,000,000,000 whichever is lower. In respect of several insurance policies with in the same compound/location, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000.

MID TERM COVER

In case the coverage under this endorsement is granted during the currency of the policy, no claims will be payable for loss or damage to property caused by an act of terrorism occurring during the first 15 (fifteen) days from the date of granting such cover.

SANCTION, LIMITATION AND EXCLUSION CLAUSE:

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

CANCELLATION CLAUSE

Notwithstanding the cancellation provisions relating to the basic insurance policy on which this endorsement is issued, there shall be no refund of premium allowed for cancellation of the Terrorism risk insurance during the period of insurance except where such cancellation is done along with the cancellation of the basic insurance. Where a policy is cancelled and rewritten mid-term purely for the purpose of coinciding with the accounting year of the insured, pro-rate refund of the cancelled policy premium will be allowed.

If the cancellation is for any other purpose, refund of premium will only be allowed after charging short term scale rates.

Note: The definitions, terms and conditions of the Policy save as modified or endorsed herein shall apply.