



IGI General Takaful

IGI General Insurance Limited - Window Takaful Operations

LOSS OF PROFIT TAKAFUL Participant's Membership Document



IGI GENERAL INSURANCE LIMITED

WINDOW TAKAFUL OPERATIONS

LOSS OF PROFIT POLICY

POLICY NO: _____

WELCOME TO IGI GENERAL TAKAFUL

Thank you for taking out your Loss of Profit Takaful Policy with us – and welcome to IGI General Insurance Limited – Window Takaful Operations.

IGI General Insurance Limited (part of the Packages Group) is considered amongst the earliest, most diverse and respectable insurers in Pakistan offering a wide range of insurance products including all Takaful covers. We are proud to serve customers all over Pakistan through a wide network of branches.

Over the last sixty years, IGI has established a sound business base in the insurance sector in Pakistan off the back of well governed operational infrastructure. We are renowned for only highest level of standards of integrity.

At IGI General Insurance Limited – Window Takaful Operations we have your future in mind and look forward to working closely with you.

Tahir Masaud
Chief Executive Officer

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

PREAMBLE

This is to acknowledge that the applicant (hereinafter called the 'Participant'), as more fully described in the Schedule hereto:

- I. Participant shall be deemed as *Mauqoof Alaihe* (Member) of the *Waqf* (hereinafter called *Waqf* Fund or Participant Takaful Fund or PTF) established and operated by IGI General Insurance Limited "Window Takaful Operations" (hereinafter called the Operator and *Mutawalli*) when he/she has paid the contribution by way of *Tabarru'* described as per the schedule annexed.
- II. The Participant undertakes to authorize the Operator, to pay the Re-Takaful contribution(s) on behalf of the Participant in one or more Re-Takaful Operator(s) for Re-Takaful arrangement.
- III. Being a *Mauqoof Alaihe* of the Waqf Fund, he/she is acknowledged as a beneficiary under the attached membership Policy of the Waqf Fund, and of the benefits declared by the Waqf Fund from time to time under this policy in accordance with the Waqf Rules governing the Fund.
- IV. Subject to the participant continuing as a member of the Waqf Fund and complying with his/her undertaking under his/her declaration made in the proposal form, he/she is compensated by the Waqf Fund as one of its *Mauqoof Alaihe* (member) and shall be entitled to take benefits against the perils/events described, in the manner and to the extent as stated here under.

CONDITIONS PRECEDENT

- No payment in respect of any Contribution by way of *Tabarru'* shall be deemed to be payment to the Waqf unless a printed form of receipt for the same, signed by an authorized official of the Operator, shall have been given to the Participant.
- Notwithstanding anything above, cover under this policy shall not commence until the Participant has become or guaranteed to become the *Mauqoof Alaihe* (member) of the Waqf Fund.

The Operator agrees that if during the period of Takaful the business carried on by the Participant at the premises specified in the schedule is interrupted or interfered with in consequence of loss, destruction or damage indefinable under the fire policy, then the Operator shall compensate the Participant for the amount of loss as hereinafter defined resulting from such interruption or interference provided that the liability of the Operator in no case exceeds the total sum covered or such other sum as may hereinafter be substituted therefore by Endorsement.

Basis of Takaful

The cover provided under this section shall be limited to loss of Gross Profit due to (a) reduction in turnover and (b) increase in cost of working and the amount payable as compensation hereunder shall be:

- (a) **in respect of Reduction in Turnover:** the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Policy period shall fall short of the Standard Turnover in consequence of the loss, destruction or damage;
- (b) **in respect of Increase in Cost of Working:** the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which but for that expenditure would have taken place during the Compensation Period in consequence of the loss, destruction or damage,

but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided

Less any sum saved during the Compensation Period in respect of such of the charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of the loss, destruction or damage.

Provided that if the Sum Covered hereunder is less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the maximum Policy period exceeds 12 months) the amount payable shall be proportionately reduced.

Nothing in the above Specification shall make the Participant in a stronger financial position had the loss not occurred.

Notes: (1) To the extent that the Participant is accountable to the tax authorities for Value Added Tax, all terms in this Policy shall be exclusive of such tax.

(2) For the purpose of these definitions, any adjustments implemented in current cost accounting shall be disregarded.

DEFINITIONS

1. Gross Profit

The amount by which:

- the sum of the amount of the Turnover and the amounts of the closing stock and work in progress shall exceed;
- the sum of the amounts of the opening stock and work in progress and the amount of the Uncovered Working Expenses;

Note: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Participant's normal accounting methods, due provision being made for depreciation.

2. Uncovered Working Expenses

The variable expenses of the business, which are not covered by this policy as follow:

(Details of Uncovered Working Expenses to be obtained from the client)

3. Turnover

The money (less discounts allowed) paid or payable to the Participant for goods sold and delivered and for services rendered in the course of the Business at the Premises

4. Compensation Period

The period beginning with the occurrence of loss, destruction or damage and ending not later than the Maximum Compensation Period thereafter during which the results of the business shall be affected in consequence thereof.

5. Rate of Gross Profit

The rate of Gross Profit earned on the turnover during the financial year immediately before the date of loss, destruction or damage.

6. Annual Turnover

The turnover during the 12 months immediately before the date of loss, destruction or damage.

7. Standard Turnover

The turnover during that period in the 12 months immediately before the date of loss, destruction or damage which corresponds with the Policy period appropriately adjusted where the Policy period exceeds 12 months.

Special Provisions applicable to Items 5, 6 & 7 above.

Adjustments shall be made as may be necessary to provide for the trends of the Business and for variations in or other circumstances affecting the business either before or after loss, destruction or damage or which would have affected the business had the loss, destruction or damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the loss, destruction or damage would have been obtained during the relative period after the loss, destruction or damage.

Benefits from Other Premises.

If during the Compensation Period goods are sold or services rendered elsewhere than at the Premises for the benefit of the Business either by the Participant or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the Turnover during the Policy period.

General Exclusions

The Operator will not compensate the Participant in respect of loss destruction, damage or expense whatsoever directly or indirectly caused by or arising out of or aggravated by:

1. war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war; mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, confiscation, requisition or nationalization.
2. a) ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel;
b) the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
3. willful act or willful negligence of the Participant or of his representatives.
4. total or partial cessation of work.
5. all other exclusions in the primary fire policy.

In any action, suit or other proceeding where the Operator alleges that by reason of the provisions of Exclusion (1) and (2) above any loss destruction damage or expense is not covered by this Takaful the burden of proving that such loss destruction damage or expense is covered shall be upon the Participant.

General Conditions

1. Definition.

The Schedule and the Endorsement(s) shall be deemed to be incorporated in and form part of this policy and the expression "this Policy", wherever used in this contract shall be read as including the Schedule and the Endorsement(s).

Any word or expression to which a specific meaning has been attached in any part of the Endorsement shall bear such meaning wherever it may appear in such Endorsement.

2. Policy Voidable.

This Policy shall become void in the event of misdescription, misrepresentation or non-disclosure in any material particular.

3. Alteration.

3.1 This policy shall be avoided with respect to any of the Property covered in regard to which there be any alteration after the commencement of this Takaful.

3.1.1 by removal or

3.1.2 whereby the risk of loss destruction or damage is increased or

3.1.3 whereby the interest of the Participant ceases except by will or operation of law unless admitted by the Operator in writing

4. Warranties.

Every warranty to which this policy is or may be made subject shall from the time the warranty attaches apply and continue to be in force during the whole currency of this Policy and non-compliance with any such warranty in so far as it increases the risk of any loss destruction or damage shall be a bar to any claim in respect of such loss destruction or damage.

5. Reasonable Precautions.

The Participant shall take all reasonable precautions to prevent loss destruction or damage, e.g. take at his own expense all reasonable precautions, comply with all reasonable recommendations of the Operator to prevent loss destruction or damage, comply with statutory requirements and manufacturers' recommendations.

6. Right of Inspection.

Representatives of the Operator shall at all reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of the Operator will all details and information necessary for the assessment of the risk. Said inspection/examination shall not impose any liability on the Operator and shall not be taken as guarantee for the Participant of the safety standards of his operations.

7. Claims Procedures.

7.1 In the event of any occurrence which might give rise to a claim under this Policy, the Participant shall:

- immediately notify the Operator by telephone or telex/fax as well as in writing about the nature and extent of loss destruction or damage
- take all steps within his power to minimize the extent of the loss destruction or damage
- preserve the parts affected and make them available for inspection by a representative or surveyor of the Operator
- furnish all such information and documentary evidence as the Operator may require
- immediately inform the police authorities in case of loss or damage due to theft or burglary or malicious damage.

Upon notification being given to the Operator under this condition, a representative of the Operator under this condition, a representative of the Operator shall have the opportunity of inspecting the loss destruction or damage before any repairs or alterations are effected.

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

7.3 No claim shall be payable under this Policy unless the terms of this Condition have been complied with.

7.4 If a claim is fraudulent in any respect or if fraudulent means are used by the Participant or by anyone acting on his behalf to obtain any benefit under this policy or if any loss or destruction of or damage to the property covered or to property used by the Participant at the premises for the purpose of the Business is caused by the willful act or with the connivance of the Participant, all benefits under this policy shall be withdrawn.

8. Compensation.

The Operator shall be entitled to withhold Compensation:

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

9. Interest Payments.

The Operator shall not be liable to pay interest.

10. Arbitration.

Where any dispute arises under a policy or over a claim under a policy issued by the Operator the party to the dispute may take-up the case before the Insurance Tribunal in accordance with the provisions of Insurance Ordinance XXXIX of 2000 in so far this doesn't conflict with Shari'ah as advised by Shari'ah Advisor/Shari'ah Board. This shall be a condition precedent to any legal proceedings to be resorted to by either party.

11. Subrogation.

The Participant shall at the expense of the Operator do and concur in doing and permit to be done all such acts and things as may be necessary or required by the Operator in the interest of any rights or remedies, or of obtaining relief or compensation from parties (other than those Participant under this Policy) to which the Operator shall be or would become entitled or subrogated upon their paying for or making good any loss destruction damage or expense under this Policy, whether such acts and things shall be or become necessary or required before or after the Participant's indemnification by the Operator.

12. Other Takaful.

If at the time any claim arises under this Policy there is any other Takaful/Insurance covering the same loss destruction or damage the Operator shall not be liable to pay or contribute more than their ratable proportion of any claim for such loss destruction or damage.

13. Average.

The sum covered of each item of this policy (other than those applying solely to removal of debris or private dwelling houses) are declared to be separately subject to Average.

If the property covered under any item shall at the commencement of any loss damage or destruction hereby covered against be collectively of greater value than the respective sum covered, then the Participant shall be considered as being his own Operator for the difference and shall bear a ratable share of the loss accordingly.

14. Withdrawal of the Policy

This Policy may at any time be withdrawn by the Waqf, on Seven days' notice by registered letter to that effect being given to the Participant at his last known address. In that case, the Operator in the capacity of Waqif and Mutawalli is authorized to give participant an amount equivalent to a Takaful Contribution Ratio for the unexpired period of policy from the date of such withdrawal. This Policy may also be withdrawn at any time at the request of the Participant, by giving Seven days' notice, in which case the Waqf may give the participant an amount equivalent to the actual contribution made initially by him/her, less the amount worked as per the following ratio applicable to the period during which the policy has been in force:

Period not exceeding	Short Period Contribution Ratio as Percentage of Annual Contribution
1 week	1/8 or 12.5%
1 month	2/8 or 25%
2 months	3/8 or 37.5%
3 months	4/8 or 50%
4 months	5/8 or 62.5%
6 months	6/8 or 75%
8 months	7/8 or 87.5%
Over 8 months	Full annual contribution

However, no refund shall be allowed if any benefit has been taken during the period this PMD has been in force.

15. Law & Jurisdiction.

This Takaful is subject to the laws of the Islamic Republic of Pakistan.

TAKAFUL OPERATOR FEES (WAKALAH FEE)

The Operator shall deduct Operator's fee on quarterly basis as per defined ratio approved by Shari'ah Advisor/Shari'ah Board out of the Contribution received under this policy. Such fee shall be based on the Wakalah principles and shall be called as Wakalah Fee since the Operator hereby acts as a Wakeel of the Fund. The payment of Wakalah Fee shall be made by the 25th day following the end of the month in which quarterly financial statements were approved by the Board of Directors.

INVESTMENT MANAGEMENT SHARE

The Operator shall act as a Mudarib or Wakeel for the purpose of managing the investment of the Fund's excess amount. As such, the Operator stands entitled to a *Mudarib's* share or *Wakala-tul-Istismaar* fee in the investment income subject to approval by the Shari'ah Advisor/ Shari'ah Board. The *Mudarib's* share or *Wakala-tul-Istismaar* fee shall be paid on quarterly basis by the 25th day following the end of the month in which quarterly financial statements were approved by the Board of Directors.

SURPLUS DISTRIBUTION & CREATION OF RESERVE(S)

In the case of Surplus within the Fund; the 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, if any.
- The rest of the surplus may be distributed to participants in proportion to the contributions to the PTF net of any risk related claims, which they may have received during the under valuation period in accordance with the approved Surplus Distribution Mechanism and Policy approved by the Shari'ah Advisor/ Shari'ah Board.

IMPORTANT

The Participants 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.