



IGI General Takaful

IGI General Insurance Limited - Window Takaful Operations

MACHINERY BREAKDOWN TAKAFUL Participant's Membership Document



IGI GENERAL INSURANCE LIMITED

WINDOW TAKAFUL OPERATIONS

MACHINERY BREAKDOWN CONTENTS POLICY

POLICY NO: _____

WELCOME TO IGI GENERAL TAKAFUL

Thank you for taking out your Machinery Breakdown 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.

Whereas the Participant has made to the Operator a written proposal by completing a questionnaire, which together with any other statements made in writing by the Participant for the purpose of this policy is deemed to be incorporated herein.

Now this Policy witnesses that being a *Mauqoof Alaihi* (member) of Waqf Fund, the Participant is entitled that if at any time during the period of Policy stated in the Schedule or during any subsequent period for which the Participant pays and the Operator may accept the contribution for the renewal of this Policy for items (or any part thereof) entered in the Schedule, whilst on the premises mentioned herein, suffer any unforeseen and sudden physical loss or damage from causes such as defects in casting and material, faulty design, faults at workshop or in erection, bad workmanship, lack of skill, carelessness, shortage of water in boiler, physical explosion, tearing apart on account of centrifugal force, short-circuit, storm, or from any other cause not specifically excluded hereinafter, in a manner necessitating repair or replacement.

The Operator will arrange to compensate the Participant in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Operator's option) up to an amount not exceeding in anyone year of Policy in respect of each of the items specified in the Schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the Schedule as covered hereby.

This Policy shall apply to the items covered after successful completion of their performance acceptance tests whether they are at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or in the course of the aforesaid operations themselves, or when being shifted within the premises, or during subsequent re-erection.

EXCLUSIONS

The Participant shall not be compensated for:

- The deductible stated in the Schedule borne by the Participant in anyone occurrence; if more than one item is lost or damaged in one occurrence, the Participant shall not, however, be called upon to bear more than the highest single deductible applicable to such items;
- Loss of or damage to exchangeable tools, e.g. dies, moulds, engraved cylinders, parts which by their use and/or nature suffer a high rate of wear or depreciation, e.g. refractory linings, crushing hammers, objects made of glass, belts, ropes, wires, rubber types, operating media. e.g. lubricants, fuels, catalysts;
- Loss or damage due to fire, direct lightning, chemical explosion (except flue gas explosions in boilers), extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped there from, theft, burglary or attempts thereat, collapse of building, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
- Loss or damage for which a supplier, contractor or repairer is responsible either by law or under Policy;
- Loss or damage caused by any faults or defects existing at the time of commencement of this Policy within the knowledge of the Participant or his representatives, whether such faults or defects were known to the Operators or not;
- Loss or damage arising out of the willful act or gross negligence of, the Participant or his representatives;
- Any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion; military or usurped power, acts of a group of malicious persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or by any public authority;
- Any consequence of nuclear reaction, nuclear radiation or radioactive contamination;
- Loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale);
- Consequential loss or liability of any kind or description, any payments over and above the compensation for material damage as provided herein; in any action, suit or other proceeding where the Operator alleges that, by reason of the provision of exclusions above, any loss or damage is not covered by this Policy, the burden of proving that such loss or damage is covered shall be upon the Participant.

PROVISIONS

MEMO I – SUM COVERED

It shall be requirement of this Policy that the sum covered is equal to the cost of replacement of the machinery covered under this Policy by new machinery of the same kind and capacity, which means its cost of replacement including, e.g. freight, dues and customs duties, if any, cost of erection. If the sum covered is less than the amount required to be covered, the Waqf shall pay only in such proportion as the sum covered bears to the amount required to be covered. Every item if more than one shall be subject to this condition separately.

MEMO NO 2 - BASIC OF COMPENSATION

- In cases where damage to an item covered under this Policy can be repaired - the Waqf shall pay expenses necessarily incurred to restore the damaged machine to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues, if any, to the extent such expenses have been included in the sum covered. If the repairs are executed at a workshop owned by the Participant, the Operator shall pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.
- No deduction shall be made for depreciation in respect of parts replaced, but the value of any salvage shall be taken into account. If the cost of repairs as detailed here in above equals or exceeds the actual

value of the machinery covered immediately before the occurrence of the damage, the item shall be regarded as destroyed and settlement shall be made on the basis provided for in below.

- In cases where an item covered under this Policy is destroyed - the Waqf shall pay the actual value of the item immediately before the occurrence of the loss, including charges for ordinary freight, cost of erection and customs duties, if any, provided such expenses have been included in the sum covered, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Waqf shall also pay any normal charges for the dismounting of the machinery destroyed, but the salvage shall be taken into account.
- Any extra charges incurred for overtime, night work, and work on public holidays, and express freight shall be covered by this Policy only if especially agreed in writing.
- The cost of any alterations, additions, improvements or overhauls shall not be compensated under this Policy. The cost of any provisional repairs shall be borne by the Waqf if such repairs constitute part of the final repairs and do not increase the total cost of repair.
- The Operator shall make payments only after being satisfied by production of the necessary bills and documents that the repairs have been affected or replacement has taken place, as the case may be.

CONDITIONS

1. The due observance and fulfillment of the terms of this Policy, in so far as they relate to anything to be done or complied with by the Participant, and the truth of the statements and answers in the questionnaire and proposal made by the Participant shall be a condition precedent to any compensation under this Policy.
2. The Schedule shall be deemed to be incorporated in and from part of this Policy and the expression "this Policy", wherever used in this Policy, shall be read as including the Schedule. Any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule shall bear such meaning wherever it may appear.
3. The Participant shall at his own expense take all reasonable precautions and comply with all reasonable recommendation of the Operator to prevent loss or damage and comply with statutory requirements and manufacturers' recommendation.
4. a) Representatives of the Operator shall at any reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of the Takaful Operator with all details and information necessary for the assessment of the risk.
b) The Participant shall immediately notify the Operator either by electronic mail (e-mails) or other electronics means and/or teletype (telex, telefax, telegram) or by telephone confirmed in writing of any material change in the risk and cause at his own expense such additional precautions to be taken as circumstances may require to ensure safe operation of the covered items, and the scope of cover and/or contribution shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Participant whereby the risk is increased, unless the continuance of this Policy is confirmed in writing by the Operator.
5. In the event of any occurrence which might give rise to claim under this Policy, the Participant shall:
a) Immediately notify the Operator either by electronic mail (e-mails) or other electronics means and/or teletype (telex, telefax, telegram) or by telephone confirmed in writing, giving an indication as to the nature and extent of the loss or damage.
b) Take all reasonable steps within his power to minimize the extent of the loss or damage.
c) Preserve the parts affected and make them available for inspection by a representative or surveyor of the Operator.
d) Furnish all such information and documentary evidence as the Operator may require.

The Participant shall not be compensated for loss or damage of which no notice has been received by the Operator within 14 days of its occurrence. Upon notification being given to the Operator under this condition the Participant may carry out repairs of any minor damage or replace items which have sustained minor damage; in all other cases representative of the Operator shall have the opportunity of inspecting the loss or damage before any repairs of alterations are effected. If a representative of the

Operator does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Participant shall be entitled to proceed with the repairs or replacement. No compensation will be made in respect of any item covered under this Policy is kept in operation after a claim without being repaired to the satisfaction of the Operator, or if temporary repairs are carried out without the Operator's consent.

6. The Participant shall, at the expense of the Fund, do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Operator for the purpose of enforcing any rights and remedies, or of obtaining relief or compensation from other parties for the recovery / claim. Upon continuing the membership or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after his compensation under this Policy, the Participant authorizes the Operator to deduct the proportionate amount from the recovered sum as contribution (donation) to PTF. The Participant undertakes to authorize the Operator, after the settlement, to deduct the recovery / claim proceeds less the contribution to the PTF for the continuation of membership and deposit the same proceeds to the PTF as donation on behalf of the Participant.
7. 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.
8. The Operator shall be entitled to withhold compensation:
 - a) If there are doubts regarding the Participant's right to receive the compensation, pending receipt by the Operator of the necessary proof;
 - b) 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. a) If the proposal or declaration of the Participant is untrue in any material respect, or if any claim made is fraudulent, or substantially exaggerated, or if any false declaration or statement is made in support. Thereof, then this Policy shall be void and no payment shall be made in respect of compensation under this Policy;
 - b) In the event of the Operator disclaiming liability in respect of any claim and if an action or suit is not commenced within three months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 7 of this Policy) within three months after the Tribunal have made their award, all benefit under this Policy in respect of such claim shall be withdrawn;
10. If at the time any claim arises under the Policy there be any other Takaful / insurance policy covering the same loss, damage or liability no payment shall be made or contributed more than proportionate contribution ratio under this Policy of such loss or damage or liability;
11. This Policy may at any time be withdrawn by the Waqf, on 14 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, 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.

- This Policy is subject to the law of the Islamic Republic of Pakistan and the exclusive jurisdiction of the courts at Karachi.

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.