

# ERCTION ALL RISK INSURANCE POLICY (RETAIL)

## Prospectus

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Erection All Risks (EAR) insurance offers protection to principal and contractors and also to manufacturers and suppliers erecting machinery and plant etc. against financial loss due to any sudden fortuitous and unforeseen causes resulting in loss or damage to the property insured at the project site whilst being stored, erected, tested and commissioned.

### Policy for Whom

EAR policy can be taken by Principal, Contractor or sub contractor, either individually or jointly.

### Scope of Cover

Erection All Risks (EAR) policy covers all risks in respect of projects of erection, testing and commissioning for locations within India subject to exclusions and term and conditions.

### Major Extensions/Add on covers

- Air Freight
- Express Freight, Holiday and overtime rates of wages.
- Additional Customs duty
- Contractors Plant & Machinery up to specified limits.
- Storage risk at fabricators premises
- Clearance and removal of debris.
- Third party liability
- Cross Liability
- Surrounding Property
- Escalation.
- 50:50 Clause
- 72 hours clause
- Continuity of cover during operational phase for Unit/Plant
- Additional Custom Duty

Provision also exists for extending the policy period and testing period during the currency of the policy.

### Exclusions

- War and Nuclear group of perils
- Willful act / negligence
- Loss discovered at time of taking inventory
- Normal wear and tear; Gradual deterioration due to atmospheric conditions or otherwise, rust
- Scratching of painted or polished surface, Breakage of glass
- Loss or damage due to faulty design, defective material or casting and bad workmanship (limited to items immediately affected)
- Cost of rectification or correction of any error during erection not resulting in physical loss or damage

- Damage to files, drawings, accounts and bills etc. Penalties for non-fulfillment of contractual obligations
- Consequential losses
- Aesthetic defects
- Operational deficiencies
- Costs of any alterations, additions and/or improvements after a claim
- Contractor's Plant and Machinery loss or damage by its own explosion/mechanical electrical breakdown/derangement

The details furnished above do not constitute the entire coverage, exclusions, terms and conditions. For full details please refer to our Policy document.

**Basis of Sum insured:** Completely erected value of the property inclusive of freight, custom duty and erection costs.

**Basis of Settlement :**

In the event of any loss or damage the basis of any settlement under this Policy shall be -

- a) in the case of damage which can be repaired the cost of repairs necessary to restore the property to their condition immediately before the occurrence of the damage less salvage, or
- b) in the case of a total loss - the actual value of the property immediately before the occurrence of the loss less salvage;

however, only to the extent the cost claimed has to be borne by the Insured and to the extent they are included in the Sum Insured and provided always that the provisions and conditions have been complied with.

All damages, which can be repaired, shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the property immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (b) above.

The cost of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs and do not increase the total repair expenses.

The cost of any alterations, additions and/or improvements shall not be recoverable under this Policy.

**Documents required for settlement of claim:**

1. Duly completed Claim form.
2. Copy of FIR
3. Estimate of loss / repairs
4. Invoice/ Bills/Receipts
5. FR
6. Any other details/documents called for a specific loss

**Salvage :**

Salvage is the amount that is assessed which the damaged asset will fetch in the open market. This amount is deducted from the claim amount.

**Cancellation :**

This policy may be terminated by the Insured at any time by giving Company notice in writing. If Insured cancels the policy, Company will

- a) Refund the proportionate premium for unexpired policy period, if the term of the policy is up to one year and there is no claim(s) made during the policy period.
- b) Refund the premium for the unexpired policy period, if the term of the policy is more than one year and the risk coverage for such policy years has not commenced.

Company can cancel this policy during the policy period by giving notice of minimum 7 days to the Insured only on the grounds of established fraud committed by the Insured.

**Grievance Redressal:**

Magma General Insurance Limited shall abide by Insurance Regulatory and Development Authority (Protection of Policyholder's Interests) Regulations 2002. Under this regulation and with an objective to provide a forum to personal lines policyholders for resolution of claims related complaints, Insurance ombudsman has been constituted under the aegis of Governing Body of the Insurance Council.

The details furnished above constitute only the major terms and conditions. For complete details, please refer to our Policy document.

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