

SHIP BREAKING INSURANCE POLICY

In consideration of the Insured named in the Schedule hereto having paid to Cholamandalam MS General Insurance Company Limited (hereinafter called the Company) the premium mentioned in the said Schedule, THE COMPANY AGREES (subject to the Conditions and Exclusions contained herein or endorsed or otherwise expressed hereon) that if after payment of the premium the property insured described in the said Schedule or any part of such property, be destroyed or damaged by :-

Fire

Lightning

Explosion/Implosion but excluding loss of or damage to (a) boilers, (other than domestic boilers) economisers or other vessels, machinery or apparatus in which steam is generated or their contents resulting from their own explosion/implosion, (b) caused by centrifugal forces.

Impact by Rail/Road vehicle.

Aircraft and other aerial and/or space devices and/or articles dropped therefrom, excluding destruction or damage occasioned by pressure waves caused by such devices.

Riots, Strikes, Malicious and Terrorism damage as per Clause 13 of this policy during the period of insurance named in the said Schedule or of any subsequent period in respect of which the Insured shall have paid and the Company shall have accepted the premium required for the continuance of the Policy, the Company will pay to the Insured the value of the property so destroyed or damaged in accordance with the Sum Insured specified in the Proposal and accepted by the Insurer, in the terms of this Contract.

PROVIDED that the liability of the Company shall, in no case, exceed in respect of each item, the sum expressed in the said Schedule to be insured thereon or in the whole the total Sum Insured hereby, or such other sum or sums as may be substituted therefor by Memorandum hereon or attached hereto signed by or on behalf of the Company.

EXCLUSIONS

The insurance does not cover :

The first Rs. 50,000/- or 1/2% of the total Sum Insured whichever is greater but not exceeding Rs. 6,00,000/-, of each and every loss in respect of which the insurance is indemnified by this Policy.

Loss by theft during or after the occurrence of any insured peril except as provided for in Riot, Strike and Malicious Damage Clause.

Loss or damage to property occasioned by its own fermentation, natural heating or spontaneous combustion or by its undergoing any heating or drying process.

Loss or damage occasioned by or through or in consequence of

- the burning of property by order of any Public Authority.
- Subterranean Fire

Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by nuclear weapons materials.

Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionising radiations or contaminations by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only, combustion shall include any self sustaining process of nuclear fission.

Loss of or damage to any electrical machine, apparatus, fixture or fitting (including electric fans, electric household or domestic appliances, wireless sets, television sets and radios) or to any portion of the electrical installation, arising from or occasioned by overrunning, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity from whatever cause (lightning included); provided that this exemption shall apply only to the particular electrical machine, apparatus, fixture, fitting or portion of the electrical installation so affected and not to other machine, apparatus, fixture, fittings, or portion of the electrical installation which may be destroyed or damaged by fire so set up.

Any loss or damage occasioned by or through or in consequence directly or indirectly of any of the following occurrence, namely,

- i. Earthquake, Volcanic Eruption or other convulsions of nature.
- ii. Typhoon, Hurricane, Tornado, Cyclone or Other atmospheric disturbance, Flood and Inundation.
- iii. War, invasion, act of foreign enemy, hostilities or war like operations (whether war be declared or not), Civil War.
- iv. Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
- v. Burning, whether accidental or otherwise, of forest, bush and jungles and the clearing of lands by fire.

In any action, suit or other proceedings where the Company alleges that by reason of the provisions of the above Exclusions any loss or damage is not covered by this insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

Unless otherwise expressly stated in the Policy, loss or damage to

- ? Goods held in trust or on commission.
- ? Bullion or unset precious stones,
- ? Any curios or work of art for an amount exceeding Rs.2,500/-
- ? Manuscripts, plans, drawings or designs, patterns, models or moulds.
- ? Securities, obligations or documents of any kind, stamps, coins or paper money, cheques, books of accounts or other business books, computer system, records.
- ? Explosives

PERIOD OF COVER :

The Liability of the Company shall commence only from the effective date specified in the policy and shall continue until the date specified in the Policy or completion of breaking operations, whichever is earlier.

GENERAL CONDITIONS :

1. THIS POLICY shall be voidable in the event of misrepresentation, misdescription or non-disclosure of any material particular.
2. Under any of the following circumstance, the insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any loss or damage, obtains the sanction of the Company, signified by endorsement upon the Policy by or on behalf of the Company :-

- ? If the trade carried on be altered, or if the nature of the occupation of or other circumstances affecting the vessel insured be changed in such a way as to increase the risk of loss or damage by Insured Perils.
 - ? If the interest in the property insured passes from the Insured otherwise than by will or operation of law.
3. This insurance does not cover any loss or damage to property which, at the time of the happening of such loss or damage, is insured by or would, but for the existence of this Policy, be insured by any marine policy or policies except in respect of any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected.
 4. i. This insurance may be terminated at any time during the currency of the Policy at the request of the Insured in which case the Company will refund to the Insured the amount representing the difference between premium paid and the amount calculated as below against the stated heads :
 - a. Period rate - The amount equivalent to the balance of the premium paid after retaining 125% of the normal period rate for the utilised period of insurance.
 - b. Earthquake, Volcanic Eruption or other convulsions of nature, Typhoon, Hurricane, Tornado, Cyclone or other atmospheric disturbances, Flood and Inundation.

The amount equivalent to the balance of the premium paid after retaining 125% of the premium calculated for the utilised period of insurance.

However, no refund of premium shall be allowed in the event of an occurrence which is likely to give rise to a claim under this insurance unless (a) all rights to such claim have been specifically waived by the Insured in writing, and (b) interest in the property has not passed otherwise than by will or operation of law.

- ii. This insurance may also, at any time, be terminated at the option of the Company on 15 days' notice to that effect given to the Insured in which case the Company shall be liable to repay, on demand, the amount representing the period premium for the remaining months of the unexpired period from the date of cancellation.
 - iii. No refund shall be allowable against the premium collected by applying the value rate.
5. i. On the happening of any loss or damage, the Insured shall forthwith give notice thereof to the Company and shall within 15 days after the loss or damage or such further time as the Company may in writing allow in that behalf, deliver to the Company.
 - a. A Claim, in writing, for the loss or damage, containing as particular an account as may be reasonably practicable, of all the several articles or items or property damaged or destroyed, and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage not including profit of any kind.
 - b. Particulars of all other insurances, if any.

The Insured shall also, at all times, at his own expense produce, procure and give the Company all such further particulars, plans, specifications, books, vouchers, invoices, duplicates or copies thereof, documents, proofs and information with respect to the claim and the origin and cause of the insured perils and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the Company together with a declaration on oath or in other legal form for the truth of the claim and of any matters connected therewith.

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

- ii. In no case whatsoever shall the Company be liable for any loss or damage after the expiration of 12 months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration : it being expressly agreed and declared that if the Company shall disclaim liability for any claim hereunder and such claim shall not, within 12 calendar months from the date of the disclaimer, have been made the subject matter of a suit in court of law, then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.
6. On the happening of loss or damage to any of the property insured by this Policy, the Company may -
 - c. enter and take and keep possession thereof .
 - d. Keep possession of any such property and examine, sort, arrange, remove or otherwise deal with the same,
 - e. sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Company at any time until notice in writing is given by the Insured that he makes no claim under the Policy, or if any claim is made, until such claim is finally determined or withdrawn, and the Company shall not, by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Insured or diminish its rights to rely on the conditions of this Policy in answer to any claim.

If the Insured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company, in the exercise of its powers hereunder, all benefits under this policy shall be forfeited. The Insured shall not, in any case, be entitled to abandon any property to the Company, whether taken possession of by the Company or not.

7. If the claim be in any respect fraudulent or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under the Policy or if the loss or damage be occasioned by a wilful act or with the connivance of the Insured, all benefits under this Policy shall be forfeited.
8. **Basis of Indemnity** : In the event of loss claimable under this insurance, the Insured will be indemnified on the basis of values declared in the Proposal Form and accepted as Sum Insured. In no case shall the Insurer be liable for any value greater than the proportion of the value which the loss of any particular item - partly or in whole - bears to the value of that item taken as Sum Insured.
For the purpose of this condition, all the values declared itemwise in the Proposal Form shall be deemed to be itemwise Sums Insured.
9. If at the time of any loss or damage happening to any property hereby insured, there be any other subsisting insurance, whether effected by the Insured or by any other person covering the same property, this Company shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.
10. The Insured shall, at the expense of the Company, do and concur in doing, and permit to be done, all such acts and things, as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for 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 indemnification by the Company.
11. If any difference shall arise as to the quantum to be paid under this policy (liability being otherwise admitted), such difference shall, independently of all other questions, be referred

to the decision of an arbitrator to be appointed in writing by the parties in difference, or if they cannot agree upon a single arbitrator, to the decision of two disinterested persons as arbitrators, of whom one shall be appointed in writing by each of the parties within two calendar months after having been required so to do in writing by the other party in accordance with the provisions of the Arbitration Act, 1940 as amended from time to time and for the time being in force. In case either party shall refuse or fail to appoint an arbitrator within two calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint sole arbitrator and, in case of disagreement between the arbitrators, the difference shall be referred to the decision of the umpire who shall have been appointed by them in writing before entering on the reference and who shall sit with the arbitrators and preside at their meetings.

It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as hereinafter provided the Company has disputed or not accepted liabilities under or in respect of this Policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrator, arbitrators or umpire of the amount of the loss or damage shall be first obtained.

12. Every notice and other communication to the Company required by these conditions must be written or printed.

This Policy covers Riot, Strike, Malicious and Terrorist Damage as under :-

- f. Loss of or visible physical damage by external violent means to the property insured directly caused by :

The act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not) not being an occurrence mentioned under exclusions 6(a) and (b) of Fire Policy C.

The action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimising the consequence of any such disturbance.

The wilful act of any striker or locked-out worker done in furtherance of strike or in resistance to a lock-out resulting in visible physical damage by external violent means.

The action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequences of such act.

Any malicious act but excluding any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) provided that the Company shall not be liable for any loss or damage arising out of or in the course of burglary, housebreaking, theft or larceny or any attempt by any person taking part therein.

- g. Loss of or Damage to the property insured by explosion or otherwise directly caused by

An act of terrorism committed by a person or persons acting on behalf of or in connection with any organization.

The action of any lawfully constituted authority in suppressing or attempting to suppress any such act of terrorism or in minimising the consequences thereof.

For the purpose of this Clause, "Terrorism" shall mean the use of violence for political ends and shall include any use of violence for the purpose of putting the public or any section of the public in fear.

This insurance does not cover :

Loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation or omission of any kind other than that arising directly from destruction of or damage to the premises or at the property therein of the insured caused by the perils insured against under this policy.

Loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority.

Loss or damage occasioned by permanent or temporary dispossession of property insured in this policy resulting from its unlawful occupation by any person or prevention of access to the same.

PROVIDED nevertheless that the Company is not relieved under(b) or (c) above of any liability to the Insured in respect of physical damage to the property insured occurring before dispossession or during temporary dispossession.

Additional Warranties :

Warranted that minimum fire fighting appliances, as detailed below, are provided on the ship in the hold or tank adjoining the engine room while cutting operations are in progress in the engine room :

- ? 6 Nos. Water/Sand buckets of 9 litres capacity each.
- ? 4 Nos. Foam type extinguishers of 9 litres capacity each.
- ? Total water storage of minimum 1000 litres.

Warranted that all pumpable/drainable oils are removed before gas cutting operations are commenced.

Warranted that gas cutting operations shall not commence in the cabin and cabin area before removal of all wooden and combustible material therein to shore.