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## **CONTRACTORS’ “ALL RISKS” INSURANCE**

Please read this Policy carefully and  
see that it meets your requirements

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RoyalStar Assurance Ltd.  
P. O. Box N-4391      P. O. Box F-42673  
Nassau, Bahamas      Freeport, Grand Bahama

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Issued by:

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This Policy and the Schedule shall be read together as one contract and 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.

WHEREAS the Insured by the Proposal and Declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the company for the insurance hereinafter contained and has paid or agreed to pay the Premium as consideration for such insurance.

NOW THIS POLICY WITNESSETH that subject to the Terms Exceptions and Conditions contained herein or endorsed hereon the Company will indemnify the Insured in respect of loss or damage as hereinafter specified occurring during the Period of Insurance.

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**RoyalStar Assurance Ltd.**

## GENERAL EXCEPTIONS

### This Policy does not cover:

1. The amount shown in the Schedule as the Insured's Retained Liability
2. Loss, damage or liability arising out of the wilful act or gross negligence of the Insured
3. Loss, damage or liability occasioned directly or indirectly by or through or in consequence of any of the following occurrences namely:
  - (a) war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not), civil war or acts of terrorism;
  - (b) mutiny, riot, civil commotion, strike, lock-out, labour disturbances, acts of persons operating on behalf of or in connection with any political organisation, military or popular rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege or any of the events or causes which determine the proclamation or maintenance of martial law or state of siege.
  - (c) permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority or by permanent or temporary dispossession of any building resulting from the unlawful occupation by any person of such building. Provided that the Company is not relieved of any liability to the Insured in respect of physical damage to the property insured occurring before dispossession or during temporary dispossession.

Any loss or damage happening during the existence of abnormal conditions (whether physical or otherwise) which are occasioned by or through or in consequence, directly or indirectly, of any of the said occurrences shall be deemed to be loss or damage which is not covered by this insurance, except to the extent that the Insured shall prove that such loss or damage happened independently of the existence of such abnormal conditions.

In any action, suit or other proceeding where the Company alleges that by reason of the provisions of this Condition 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.

4. (a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
- (b) any legal liability of whatsoever nature.

directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exception only, combustion shall include any self-sustaining process of nuclear fission.

5. Any loss, destruction, damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material.
6. Loss of or damage to or liability arising out of the ownership or possession of or use under the control of the Insured or any person acting on behalf of the Insured of:
  - (a) any vessel or craft or thing made or intended to be water-borne or airborne or property carried by stored in or mounted upon such vessel or craft;
  - (b) any locomotive or any mechanically propelled vehicle or trailer attached thereto other than those whose use is confined to the Contract site as a tool of trade.

7. Any loss or damage involving in any way the actual or potential presence of mold, mildew or fungi of any kind whatsoever, whether or not directly or indirectly caused by or resulting from any peril insured under this Policy.
8. Any loss damage or liability of whatsoever nature directly or indirectly caused by contributed to by or arising from the failure or inability of any Electronic Equipment whether the property of the Insured or not and whether occurring before during or after the year 2000.
  - (i) correctly to recognize any date as its true calendar date
  - (ii) to capture save or retain or correctly to manipulate interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
  - (iii) to capture save or retain or correctly to process any data as a result of the operation of any command which has been programmed into any Electronic Equipment being a command which causes the loss of data or the inability to capture save or retain or correctly to process such data on or after any date.

For the purposes of this Exception the expression Electronic Equipment shall mean any computer or other equipment or system for processing, storing or retrieving data and shall include but shall not be limited to any computer hardware, firmware or software, media, microchip, integrated circuit or similar device.

9. Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purposes of this Exclusion an act of terrorism means an act, 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 organisation(s) or government(s), 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.

This also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

10. Losses of any kind directly or indirectly caused by, arising from, or consisting of, in whole or in part by:-
  - (a) the use or misuse of the Internet or similar facility;
  - (b) any electronic transmission of data or other information;
  - (c) any computer virus or similar problem;
  - (d) the use or misuse of any Internet address, website or similar facility;
  - (e) any data or other information posted on a Website or similar facility;
  - (f) any loss of data or damage to any computer system, including but not limited to hardware or software (unless such loss or damage is caused by an earthquake, a fire, a flood, or a storm);
  - (g) the functioning or malfunctioning of the Internet or similar facility, or of any Internet address, Website or similar facility (unless such malfunctioning is caused by an earthquake, a fire, a flood, or a storm);
  - (h) any infringement, whether intentional or unintentional, of any intellectual property rights (including but not limited to trademark, copyright or patent).
11. Liability directly or indirectly arising out of, resulting from or in consequence of, or in any way involving asbestos, or any materials containing asbestos in whatever form or quantity.

## **SPECIFICATION 1 ATTACHED TO AND FORMING PART OF POLICY NO.**

### **Section 1 - Property Insured**

The Company will indemnify the Insured in respect of physical loss of or damage to any item of the Property insured from any cause whatsoever:

- (a) in the case of Contract Works from the time of erection at the Contract Site and thereafter until the completion of the Insured Contract or the expiry of the Period of Insurance whichever is the sooner;
- (b) in the case of plant and machinery and all other materials for incorporation in the Contract Works (not being the Contractor's own) from the time of delivery at the Contract Site until completion of the Insured Contract or the expiry of the Period of Insurance whichever is the sooner;
- (c) in the case of the Property Insured by Item 2 from the time of delivery to the Contract Site and thereafter until removed from the Contract Site or the expiry of the Period of Insurance whichever is the sooner.

The total liability of the Company under this Section shall not exceed in respect of each item the Sum Insured shown thereon in the Schedule except so far as reinstatement thereof is made as follows:

It is hereby declared and agreed that in the event of loss under this Section, the Insured undertakes to pay additional premium on the amount of the loss pro-rata from the date of such loss to expiry of the Period of Insurance defined in the Schedule. Such additional premium shall be disregarded for the purposes of premium adjustment in accordance with Premium Adjustment Condition 15.

### **EXCEPTIONS TO SECTION 1**

#### **The Company shall not be liable for:**

1. Loss or damage directly or indirectly caused by or arising out of (unless otherwise expressly agreed and stated in this Policy) the testing or operation of machinery or plant, the erection of which forms part of the Insured Contract;
2. Consequential loss, damage or liability of any nature whatsoever;
3. Loss or damage to property directly caused by cessation of work whether total or partial;
4. loss or damage due to fault, defect, error or omission in design, plan or specification;
5. The cost of repairing, replacing or rectifying property which is defective in material or workmanship;

If any defect gives rise to damage which but for this Exception would be insured under this Policy, the Company shall in respect of such damage be liable only for costs additional to the cost that would have been incurred in rectifying such defect had the damage not occurred;

6. Loss or damage to:
  - (a) any item of Constructional Plant or Equipment or Tools, directly caused by explosion thereof or by its own mechanical or electrical breakdown, failure, breakage or derangement;
  - (b) accounts, bills, bonds, currency, stamps, deeds, evidences of debt, money, notes, securities, cheques, credit cards, files, drawings and plans;
7. Normal wear and tear, corrosion, rust, aesthetic defects, gradual deterioration or deterioration due to atmospheric/climatic conditions;

8. Loss of any property by disappearance or shortage, where such loss is revealed only by the making of an inventory or periodic stocktaking and is not traceable to any specific event;
9. Loss of or damage to the permanent works or any part thereof;
  - (a) which has been taken into use or occupation by the Employer;
  - (b) in respect of which a Certificate of Completion has been issued.

## **SPECIFICATION 2 ATTACHED TO AND FORMING PART OF POLICY NO.**

### **Section 2 - Public Liability**

The Company will indemnify the Insured against liability at law for damages and claimants' costs and expenses in respect of:-

- (a) accidental injury to persons;
- (b) accidental loss of or damage to tangible property

happening in or about the Contract Site during the Period of Insurance in connection with the performance of the Insured Contract.

The Company will in addition pay all costs and expenses incurred with its written consent.

The total liability of the Company under this Section for damages and claimants' costs and expenses in respect of one occurrence or all occurrences of a series consequent on or attributable to one source or original cause irrespective of the number of parties claiming indemnity hereunder, shall not exceed the Limit of Indemnity specified in the Schedule.

For the purpose of establishing the total amount payable by the Company in respect of the Period of Insurance it is understood that any releases of pollutants consequent on or attributable to one source or original cause (irrespective as to whether the release is continuous or intermittent) shall be considered as one release.

### **EXCEPTIONS TO SECTION 2**

#### **This Section of the Policy does not cover:**

1. Injury to any person arising out of the employment of such person by the Insured under a contract of service or apprenticeship;
2. Any claim arising under any Workmen's Compensation law;
3. Loss of or damage to property belonging to or held in trust by the Insured or property which is in the custody or control of the Insured or is leased, let, rented, hired or lent to the Insured;
4. Liability for loss of or damage to any property which is insured or insurable under Items 1 and 2 of Section 1 of the Policy;
5. Loss of or damage to any building structure land or other property due or alleged to be due to vibration or to the withdrawal or weakening of support;
6. Loss or damage which can reasonably be foreseen to be inevitable having regard to the nature of the work to be executed or the planned method of its execution;

7. Liability arising directly or indirectly from loss of or damage to existing underground services (such as electricity and telephone cables, water, oil or gas pipes);
8. Liability compulsorily insurable under any legislation governing the use of mechanically propelled vehicles;
9. Liability arising out of technical or professional advice including design or specification given by the Insured or by any person acting on behalf of the Insured;
10. Liability assumed by the Insured by agreement unless such liability would have attached to the Insured notwithstanding such agreement;
11. Liability resulting from the failure of any part of the Contract Works completed by or for the Insured correctly to perform the function or serve the purpose intended;
12. Injury loss or damage directly or indirectly caused by or arising out of Pollutants unless caused by or arising out of an identifiable, unexpected and accidental release (including discharge, dispersal, seepage, migration and escape) of Pollutants which commences during any Period of Insurance and is:-
  - (a) detected within seven (7) days of its commencement, and
  - (b) reported to the Company within seven (7) days of it being detected

For the purposes of this Policy the commencement of any intermittent release shall be deemed to be at the start of the first release of the series;
13. Liability arising out of any obligation on the Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise or in any way respond to or assess the effects of Pollutants on structures, premises, sites or land currently or previously owned, occupied, used by or under the control of the Insured where the obligation arises out of such ownership, occupancy, use or control by the Insured.

## **CONDITIONS**

1. The due observance and fulfilment of the Terms Conditions and Endorsements so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal shall be conditions precedent to any liability of the Company to make any payment under this Policy.
2. If there be any material misdescription of any of the property hereby insured or of any building or place in which such property is contained or any misrepresentation as to any fact material to be known for estimating the risk or any omission to state such fact, the Company shall not be liable under this Policy so far as it relates to the risk arising out of any such misdescription, misrepresentation or omission.
3. No payment in respect of any Premium shall be deemed to be payment to the Company unless the Insured can produce reasonable documentary evidence of the same to the Company or duly appointed Agent of the Company.
4. If there shall occur any change involving a material alteration in the risk accepted by the Company, the Insured shall as soon as possible give notice in writing to the Company and the terms of this Policy shall be adjusted accordingly by agreement. In the event of the Company and the Insured being unable to arrive at an agreement, the Company shall not be liable under this Policy so far as it relates to the risk arising out of such material alteration.
5. The Insured shall take all reasonable precautions in the selection of labour and for the safety of the Property Insured and to maintain in efficient condition all plant and appliances used in connection with any Contract covered by the Policy and the Company shall at all reasonable times have by their representatives access to examine any such plant and appliances.

6. In the event of any occurrence which might give rise to a claim under this Policy the Insured shall:
- (a) immediately notify the Company by telephone or facsimile as well as by letter giving an indication as to the nature and extent of loss or damage;
  - (b) take all reasonable steps within his power to minimise the extent of the loss or damage;
  - (c) preserve the damaged or defective parts and make them available for inspection by an official or surveyor of the Company;
  - (d) furnish all such information and documentary evidence as the Company may require
  - (e) inform the Police authorities in the case of loss or damage due to theft burglary or malicious act

The Company shall not be liable for any loss or damage of which no notice has been received by the Company within fourteen (14) days of its occurrence.

7. In the event of a claim being made under this Policy the Insured shall at his own expense:-
- (a) deliver such claim in writing setting forth details of all the articles or items of property damaged or destroyed and the amount of the loss or damage sustained thereto having regard to their value at the time of the loss or damage not including profit of any kind;
  - (b) provide particulars in writing of all other insurance (if any) covering all or any of the risks insured by this Policy;
  - (c) produce, procure and give to 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 damage 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 of the truth of the claim and of any matters connected therewith.
8. No admission, offer, promise, payment or indemnity shall be made or given to third parties by or on behalf of the Insured without the written consent of the Company which shall be entitled if it so desires to take over and conduct in the name of the Insured the defence or settlement of any claim or to prosecute in the name of the Insured for its own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.
9. In connection with any claim or claims against the Insured arising out of one accident or series of accidents arising out of one occurrence the Company may at any time pay to the Insured the Sum Insured or Limit of Indemnity as stated in the Schedule of this Policy (after deduction of any sum or sums already paid as compensation) or any lesser amount for which any such claim or claims can be settled and upon such payment the Company shall relinquish the conduct and control of, and be under no further liability under this Policy in connection with, such claim or claims except for costs and expenses of litigation recoverable or incurred in respect of matters prior to the date of such payment.
10. The Insured shall at the request and 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 the Insured's indemnification by the Company.
11. It is a requirement of this insurance that the Sum Insured stated in the Schedule shall be not less than:

**For Item 1:**

eighty percent (80%) of the replacement value of the Contract Works at the time of handover inclusive of all materials, wages, profit, overheads, sub-contracts, freight, customs duties and dues and materials or items supplied by the Employer



**For Item 2:**

the total replacement value which shall mean the cost of replacement of the insured item by a new item of the same kind and same capacity such cost to include freight customs duties and dues.

If, in the event of loss or damage the Sums Insured are less than the amounts required to be insured as detailed above, then the amount recoverable by the Insured under this Policy shall be reduced in like proportion. Every object and cost item is subject to this condition separately.

12. 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 items 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 items immediately before the occurrence of the loss less salvage

however, only to the extent the costs claimed have been borne by the Insured and to the extent they are included in the Sum Insured and subject to the application of average (as defined in Condition 11 above). The Company will make payment only after being satisfied by the production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be. All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items 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. Extra charges for overtime, nightwork, work on public holidays, express or air freight are covered by this insurance only if specially agreed upon in writing prior to the occurrence of the loss or damage.

13. In the event of damage for which indemnity is provided under Section 1 of this policy the Company may at its option repair, reinstate or replace or may pay in cash the amount of the damage. In the event of the Company exercising its option to repair that which is damaged the Company's liability shall be discharged by effecting such repairs as may be possible and paying to the Insured the cost of parts found to be unprocurable such cost to be limited to the manufacturer's or supplier's latest list price thereof.
14. This insurance does not cover any loss or damage which at the time such loss or damage arises is insured by or would but for the existence of this Policy be insured by any other policy or policies except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.
15. The Insured shall within a reasonable time after the completion of the Insured Contract furnish to the Company a declaration of the total contract value as finally measured and if such price shall differ from the Estimated Total Contract Value referred to in the Schedule on which the Premium has been paid, the difference in premium shall be met by a further proportionate payment to the Company or a refund by the Company as the case may be, subject to the application of any minimum premium which may have been agreed between the Company and the Insured.
16. All differences arising out of the Policy shall 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 Arbitrators one to be appointed in writing by each of the parties within one (1) calendar month after having been required in writing to do so by either of the parties or in case the Arbitrators do not agree an Umpire appointed in writing by the Arbitrators. The Umpire shall sit with the Arbitrators and preside at their meetings. The making of an Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve (12) calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.



17. If a claim be made by or on behalf of the Insured which shall be in any respect fraudulent or if any false declaration be made or used in support thereof all benefit under this Policy is forfeited.