

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

BOILER AND PRESSURE VESSEL TAKAFUL POLICY

PREAMBLE

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

- i. Is accepted as a member of the Participants' Takaful Fund (hereinafter called the 'Fund') operated by Alfalah Insurance Company Limited (Window Takaful Operations) (hereinafter called 'Operator').
- ii. Being a member of the Fund, he/she is acknowledged as a beneficiary under the attached Indemnity Policy of the Fund and of the benefits declared by the Fund from time to time under this policy, in accordance with the Waqf Rules governing the Fund.
- iii. Subject to the participant continuing as a member of the Fund and complying with his/her undertaking under his/her declaration made in the proposal form he/she is indemnified by the Fund as one of its beneficiaries against the perils/events described, in the manner and to the extent as stated hereunder:

CONDITIONS PRECEDENT

- i. No payment in respect of any Contribution shall be deemed to be payment to the Operator unless a printed form of receipt for the same, signed by an authorized official of the Operator, shall have been given to the Participant.
- ii. Notwithstanding anything above cover under this policy shall not commence until the Contribution, as stated in the schedule hereof, has been paid or guaranteed to be paid in the manner as stated in the schedule or as expressly agreed and stated therein.

Whereas the Participant has made a payment (described in the Schedule) as Contribution to the Fund and accepting the same the Operator hereby agrees the (subject to Conditions contained herein or endorsed or otherwise expressed here on which Conditions shall so far as the nature of them respectively will permit to be deemed to be Conditions precedent to the right of the Participant to recover hereunder)

1. Damage (other than fire) to any boiler or pressure vessel described in the Schedule hereto and to other property of the participant
2. Liability of the participant at law for damage to property not belonging to the participant,
3. Liability of the participant at law on account of fatal or non-fatal injuries to any persons other than the participant's own employees or workmen or members of the participant's family, caused by and solely due to explosion or collapse as hereinafter defined of any boiler or pressure vessel described in the Schedule whilst in the course of ordinary working;

Provided that the liability of the Fund in respect of any one boiler or pressure vessel in any one year of coverage does not exceed the sum covered set opposite thereto in the Schedule and, in respect of damage to other property of the participant and third party liability, the limit of indemnity so specified in the Schedule;

Provided also that in case of any claim against the participant for damages as aforesaid the operators will in addition pay all costs and expenses recovered by any claimant against the participant or incurred with the written consent of the operators in resisting such claim.

Exclusions

No indemnity will be made in respect of:

1. Defects due to the wearing away or the wasting of the materials of a boiler or a pressure vessel, whether by leakage, corrosion or by the action of the fuel or otherwise, the grooving or the fracturing of any of the parts of a boiler or a pressure vessel, or for deterioration generally, or for the development of cracks, blisters, laminations and other flaws, or for fractures, failure of joints, or for bulging and deformation due to overheating of tubes (unless such defects, fractures, failures or bulging result in explosion or collapse), or for the cracking of sections of cast-iron heating boilers or other vessels constructed of cast-iron;
2. The failure of individual tubes in boilers of the water tube, locomotive or other multi-tubular types, in super heaters or in economizers (unless such defects result in explosion or collapse);
3. Damage to property belonging to the Participant or held by him in trust or on commission for which he is responsible, caused by fire arising from explosion or collapse or any other cause whatsoever, or damage to the plant resulting from any extraneous cause;
4. Damage and/or liability caused by the willful act or willful neglect of the Participant;
5. Loss sustained by stoppage of work;
6. Loss or damage which either in origin or extent is directly or indirectly, proximately or remotely occasioned or contributed to by any of the following, namely:
 - a) Typhoon, hurricane, volcanic eruption, earthquake or other convulsion of nature,
 - b) loss or damage directly or indirectly caused by or arising out 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, 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, nuclear reaction, nuclear radiation or radioactive contamination,
 - c) Any test other than tests at a pressure not exceeding the maximum pressure permitted by the inspecting authority.

DEFINITIONS

The following terms, when used in this policy, shall have the under mentioned meanings:

1. "Boiler" shall mean any fired closed container or a combined container piping system in which steam is generated under pressure. When used in the Schedule, the term "boiler" shall include fittings, built-in super heaters and economizers but shall not include steam or feed-water piping or separate economizers, the explosion of such items being covered by this policy only if specifically listed in the Schedule.
2. "Vessel" shall mean any unfired closed container under steam or air pressure.
3. "Explosion" shall mean the sudden and violent rending or tearing apart of the structure of a boiler or vessel, or any part or parts thereof by force of internal steam, air or fluid pressure, causing bodily displacement of said structure accompanied by the forcible ejection of its contents. Flue Gas Explosion: "Explosion" shall also mean any damage to the structure of a boiler by force of the sudden and accidental combustion or explosion of ignited furnace or flue gases.
4. "Collapse" shall mean the sudden and dangerous distortion of any part of a boiler or vessel caused by the crushing stress of external steam or fluid pressure, whether attended by rupture or not; it shall not mean any slowly developing deformation due to any cause.

PROVISIONS

Memo I - Sum Covered

It shall be requirement of this policy that the sum covered for each boiler and pressure vessel is equal to the cost of replacement by a new item of the same kind and capacity, which means its cost of replacement including, freight, dues

and custom duties, if any, and cost of erection. If the sum covered is less than the amount required to be covered, the Participant shall be indemnified 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 2 - Basis of indemnity

a) In cases where damage to an item can be repaired -"the Operator shall arrange to 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, but for the boiler and pressure vessels listed in the Schedule, only 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 arrange to 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 herein above equals or exceeds the actual value of the item immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in b) below.

b) In cases where an item covered under this policy is destroyed - the Operator shall arrange to 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, but for the boiler and pressure vessels listed in the Schedule, only provided such expenses, have been included in the sum covered, such actual value to be calculate by deducting proper depreciation from the replacement value of the item. The Operator shall also arrange to pay any normal charges for the dismantling of the items 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 recoverable under this policy.

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

The Operator shall arrange to make payments only after being satisfied by production of the necessary bills and documents that the repairs have been effected or replacement has taken place, as the case may be.

Memo 3 – Inspections

All the plant described in the Schedule shall be inspected within the statutory periods by inspectors authorized by the appropriate authorities.

Memo 4 - Boiler Attendant

The said boilers shall only be operated by attendants holding a valid certificate of competency issued under the appropriate Boiler Act.

Memo 5 - Operational Status

At the time of any explosion or collapse of any boiler or other apparatus covered hereunder the Participant shall be in possession of the unqualified permission in writing of the competent inspecting authority to operate the said boiler or apparatus. If the maximum pressure or load upon the safety valve immediately prior to the explosion or collapse was in excess of that stipulated by the said authority, the Participant shall not be entitled to any compensation or indemnity under this policy in respect of such explosion or collapse.

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 proposal made by the Participant shall be a condition precedent to the participant being indemnified.

2. The Participant shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Operator to prevent loss, 'damage or liability and shall comply with manufacturers' recommendations.
3.
 - a) Representatives of the Operator shall at any reasonable time have the right to inspect and examine any property covered hereunder and the Participant shall provide the representatives of the Operator with all details and information necessary for the assessment of the risk, e.g. the inspection reports issued by the inspectors authorized by the appropriate authorities.
 - b) The participant shall immediately notify the Operator by telegram/fax/email and 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. This shall also apply if fuel is to be used other than that for which the boiler was designed or which was used at the time the cover under this policy was effected. Non- compliance with this condition shall result in suspension of this policy in respect of the item or items where the change in risk has occurred.
4. In the event of any occurrence which might give rise to a claim under this policy, the Participant shall
 - a. Immediately notify the Operator by telephone or telegram as well as in writing, giving an indication as to the nature and extent of the loss or damage;
 - b. Take all 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 Operator may at its own option repair or replace what is damaged or arrange to pay in cash for the loss or damage.

No indemnification shall be made for the cost of any repairs undertaken by the Participant without the written permission of the Operator.

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

Upon notification of a claim being given to the operators, the participant may carry out repairs of any minor damage or replace items which have sustained any minor damage, for which indemnity if provided, shall cease if the said item continues in operation without being repaired to the satisfaction of the operators.

5. 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 indemnity from parties (other than those covered under this policy) to which the operator shall or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this policy, whether such acts and things are or become necessary or required before or after Participant's indemnification by the Takaful Operators.
6. No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the participant without the written consent of the Operator who are entitled if they so desire to take over and conduct in the name of the Participant the defense or settlement of any claim for indemnity or damage or otherwise and who have full discretion in the conduct of any proceedings or in the settlement of any claim, and the Participant shall give all such information and assistance as the Operator may require.
7. This Policy may be terminated at the request of the participant at any time, in which case the operators will retain the part of the contribution paid corresponding the customary short-period rate for the time this Policy has been in force. This Policy may also at any time be terminated at the option of the operators by seven days' notice to that effect being given to the participant, in which case the operators will be liable to repay on demand a rateable proportion of the contribution for the unexpired term from the date of cancellation less any reasonable inspection charges the operators may have incurred.
8. If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted), such difference 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 calendar month after having been required in writing to do so by either of the parties, or, in case the arbitrators do not agree, of an umpire to be appointed in writing by the arbitrators before the latter enter upon the reference. 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 operators.

9. If a claim is in any respect fraudulent, or if any false declaration is made or used in support thereof, or if any fraudulent means or devices are used by the Participant or anyone acting on his behalf to obtain any benefit under this policy, or if a claim is made and rejected and no action or suit is commenced within three months after such rejection or, in the case of arbitration taking place as provided for herein, within three months after the arbitrators or umpire have made its award, all benefit under this policy shall be forfeited.
10. Whenever a claim arises under this policy and the same loss, damage or liability is covered by any other insurance or Takaful policy, no payment shall be made or contributed more than rate able proportion under this policy of such loss or damage or liability. The Participant shall be obliged to inform the Operator of any other takaful covering the same property which is also covered under this policy.
11. This policy is subject to the laws of the Islamic Republic of Pakistan and the exclusive jurisdiction of the courts of Pakistan.

TAKAFUL OPERATOR FEES

The Operator shall deduct Operator's fee as per defined ratio approved by Shariah Advisor out of the Contribution received under this policy. Such fee shall be based on the Wakala principle since the Operator hereby acts as a Wakeel of the Fund. The Wakala Fees shall be credited to the Operators Fund and remaining portion shall be remained credited in the Participant Takaful Fund. The rate of Wakala Fees shall be approved by the Shariah Advisor based on the rating and risk management guidelines of the Window Takaful Operator for each type of Risk.

INVESTMENT MANAGEMENT SHARE

The Operator shall act as a Modarib or Wakeel for the purpose of managing the investment of available fund in the PTF. As such, the Operator stands entitled to a Modarib share or Wakala-tul-Istismar fee in the investment income subject to approval by the Shariah Advisor.

TIMING AND TRANSFER OF FUNDS

- 1- All Contributions recognized under General Takaful contracts, net of any Government levy, shall be credited to the Participant Takaful Funds.
- 2- All Contributions into a Participant Takaful Fund shall be deposited in a bank account designated as belonging to the Participant Takaful Fund or be paid across to such an account within seven days of receipt.
- 3- All income received on assets of a Participant Takaful Fund and receipts from Re-Takaful operators relating to the Participant Takaful Fund shall be deposited in bank accounts designated as belonging to the Participant Takaful Fund or be paid across to such account within seven days of receipt.
- 4- All assets, liabilities, income and expenditure of a General Takaful Operator which do not relate to a Participant Takaful Fund shall be deemed to be part of the Operator's Fund.

SURPLUS DISTRIBUTION

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
- For charity / donations
- The rest of the surplus may be distributed to participants in accordance with the approved Surplus Distribution Mechanism and Policy approved by the Shariah Advisor.
- For this purpose the Commission is also empowered to develop and issue the Surplus Distribution Mechanism for the General Takaful Operator which shall also be complied by the Operator.

IMPORTANT

The Participant 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.