

under this Policy.

- b) In the event of the Company 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 forfeited.
10. If at the time any claim arises under the Policy there be any other insurance policy or Policy of Takaful covering the same loss, damage or liability no payment shall be made or contributed more than rate able proportion under this Policy of such loss or damage or liability.
11. This Policy may at any time be terminated at the option of the Company, on 14 days' notice to that effect being given to the Participant at his last known address. In that case, the Participant shall be given an amount equivalent to a rate able proportion of the contribution for the unexpired Period of Policy from the date of such cancellation. This Policy may also be terminated at any time at the request of the Participant, in which case the Participant will be paid an amount equivalent to the actual contribution made initially by him/her, less the amount worked as per the following scale applicable to the period during which the policy has been in force:

Period not exceeding	Short period rates as Proportion 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 claim has arisen during the period this Policy has been in force.

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

#### TAKAFUL OPERATOR FEES

The Company shall deduct Operator's fee as per defined ratio approved by Shariah Advisory Board out of the Contribution received under this policy. Such fee shall be based on the Wakala principle since the Company hereby acts as a Wakeel of the Fund.

#### INVESTMENT MANAGEMENT SHARE

The Company shall act as a Mudarib or Wakeel for the purpose of managing the investment of the participant's Contribution. As such, the Company stands entitled to a Mudarib share or Wakalatul Istismar fee in the investment income subject to approval by the Shariah Advisory Board.

#### SURPLUS DISTRIBUTION

- Operator may hold a portion of the surplus
- As a contingency reserve (over and above the technical provisions)
  - For charity
  - 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 undervaluation period.

#### 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 company for correction.



**PAK-QATAR  
GENERAL TAKAFUL**

## MACHINERY BREAKDOWN TAKAFUL POLICY Participant's Membership Document

Suit # 402-404, Business Arcade, Block-6, P.E.C.H.S, Sharea Faisal Karachi 75400  
Phone (92 21) 34380357-61, Fax: (92 21) 34386453, 34326107  
E-mail: [generaltakaful@pakqatar.com.pk](mailto:generaltakaful@pakqatar.com.pk) web: [www.pakqatar.com.pk](http://www.pakqatar.com.pk)

This document may be called **Participant's Membership Document** (hereinafter referred to interchangeably as "scheme" or "policy") as defined in the Takaful Rules, 2005.

## MACHINERY BREAKDOWN 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 Pak Qatar General Takaful Limited (hereinafter called the 'Company').
- 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 Company unless a printed form of receipt for the same, signed by an authorized official of the Company, 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 to the Company 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 witnessed subject to the Participant having undertaken to make payment (described in the schedule) as Contribution to the Fund and accepting the same the Company hereby agrees that (subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon) 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 Company 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 Company will arrange to indemnify the Participant in respect of such loss or damage, as hereinafter provided, by payment in cash, replacement or repair (at the Company'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 indemnified for:

1. The deductible stated in the Schedule to be 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;
2. 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;
3. 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 thereof, collapse of building, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or similar natural catastrophes;
4. loss or damage for which a supplier, contractor or repairer is responsible either by law or under Policy;
5. 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 Takaful Operators or not;
6. Loss or damage arising out of the willful act or gross negligence of the Participant or his representatives;
7. 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;
8. Any consequence of nuclear reaction, nuclear radiation or radioactive contamination;
9. Loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, cavitation, erosion, corrosion, rust, boiler scale);
10. Consequential loss or liability of any kind or description, any payments over and above the indemnity for material damage as provided herein; in any action, suit or other proceeding where the Company 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 Company 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 2 - BASIC OF INDEMNITY

- a) In cases where damage to an item covered under this Policy can be repaired - the Company 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 Company 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 (b) below.

- b) In cases where an item covered under this Policy is destroyed - the Company 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 Company shall also pay any normal charges for the dismantling 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 recoverable under this Policy.

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

The Company 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 indemnification 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 Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
4. a) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of the Takaful Operators with all details and information necessary for the assessment of the risk.  
b) The Participant shall immediately notify the Company either by teletype (telex, tele fax, 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 Company.
5. In the event of any occurrence which might give rise to claim under this Policy, the Participant shall
  - a) Immediately notify the Company either by teletype (telex, tele fax, 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 Company;
  - d) furnish all such information and documentary evidence as the Company may require.

The Participant shall not be indemnified for loss or damage of which no notice has been received by the Company within 14 days of its occurrence. Upon notification being given to the Company 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 a representative of the Company shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of the Company 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 indemnification 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 Company, or if temporary repairs are carried out without the Company'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 required by the Company in the interest of any rights or remedies, or to obtaining relief or indemnity from parties (other than those covered under this Policy) to which the Fund shall be or would become entitled or subrogated, upon the payment 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 the Participant's indemnification under this Policy.
7. Where any dispute arises under a policy or over a claim under a policy issued by the Company 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. This shall be a condition precedent to any legal proceedings to be resorted to by either party.
8. The Company shall be entitled to withhold indemnification:
  - a) if there are doubts regarding the Participant's right to receive the indemnity, pending receipt by the Company 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. There of, then this Policy shall be void and no payment shall be made in respect of indemnification