

DIGIT CONTRACTOR'S PLANT AND MACHINERY INSURANCE POLICY

PROSPECTUS

Go Digit General Insurance Ltd.

Go Digit General Insurance Ltd. ("Digit") is a new general insurance company being set up in India and is backed by Fairfax Financial Holdings Ltd. Fairfax is a large Canada based diversified financial services group engaged in General Insurance, Reinsurance and Investment management across more than 30 countries.

At Digit, our mission is to make Insurance products that are simple and transparent. For us, making Insurance simple translates into – Easy interface for customers to interact with us, Simple products, Simple and effective claims' process. Our goal is to offer products and services that customer really wants and back it by service, that we can be proud of. We have a team that brings in years of experience in Insurance and technology companies. We want to become a part of consumers' lives and enable them to live without worrying about uncertain future.

Product Introduction

At Digit, we understand that some things are just beyond one's control, such as any damage caused to a machinery on a construction site. We get that the machineries are generally used under rough conditions as they perform the toughest task on the project/construction site, and hence are more vulnerable to damage. Therefore, we are offering Digit Contractor's Plant and Machinery Insurance Policy which is aimed at providing a cover for unforeseen and sudden physical loss or damage to various plant and machinery used on project sites.

Who Can buy this Product?

This Product can be bought by the Owner(s) of the plant and machinery, the contractor or the user of the construction machinery, Banks and Financer's interest if any involved is preserved by including it as a joint name.

What risk is covered under the Digit Contractor's Plant and Machinery Insurance Policy?

This Product shall cover any unforeseen and sudden physical damage to the plant and machinery by any cause not excluded.

Plant and machinery shall include mobile equipment's such as cranes, compressors, bulldozers, excavators, fork lift trucks, conveyors and the like.

The cover is operative while the plant and machinery is at work or at rest or being dismantled for the purpose of cleaning or overhauling, or during subsequent erection.

What are the various Endorsements available under this Product on payment of additional premium?

Below are the various Endorsements along with their conditions available on payment of additional premium:

1. **Escalation Clause:** With this endorsement, the base policy can be extended where the insured will be given the option for a continuous increase in his sum insured up to a specified percentage of initial Sum Insured.

ESCALATION PROVISION

There will be automatic regular increase in the Sum Insured throughout the period of the policy in return for an additional premium to be paid in advance. The terms and conditions for this extension shall be as follows -

- a) The selected percentage increase shall not exceed 25 % of the Sum Insured.
- b) The additional premium, payable in advance, will be at 50 % of the full rate (i.e. Rate calculated excluding other Endorsement Rates), to be charged on the selected percentage increase.

- c) The Sum Insured at any point of time would be assessed after application of the Escalation Clause.
- d) Different escalation percentages for different machines may be granted under the escalation clause.
- e) Prorata Condition of Average will continue to apply as usual.
- f) The Automatic increase operates from the date of inception upto the date of operation of any of the Insured Perils.

2. Owner's Surrounding Property:

With this endorsement, the base policy is extended to cover loss or damage to property located at or adjacent to the site and belongings to or held in care custody, control of the principal(s) or the contractor(s) if occurring directly due to damage of items mentioned in the schedule while at rest or in use for construction or erection during period of policy.

The Company pays to the insured the value of the damaged property at the time of accident or at its option reinstate or replace such damage property or any part thereof provided that -

The liability of the Company shall in no case exceed the Sum Insured for any one accident or series of accidents arising out of any one event and in the whole the total indemnity of an amount during the period of the Policy.

In respect of loss or damage resulting to underground piping tunnelling or underground cables and other underground facilities, the indemnity will be restricted to actual repair cost, provided prior to commencement of work, insured ascertains with the relevant authorities about the exact locations or positions of such cables, pipes or other underground facilities. Cracks that neither impair the stability of the structure nor safety of its users are not covered.

The excess applicable on this endorsement will be the highest of the excesses applicable to machinery insured.

3. Third Party Liability:

With this endorsement, the Company will indemnify the insured

- a) Against legal liability for the accidental loss or damage caused to the property of other persons.
- b) Against legal liability (liability under contract excepted) for fatal or non-fatal injury to any persons other than the insured or his own employees or employee of the owner of the works/site/premises/location or employees of the other firms/connected with any other work site/ premises/ location or members of the family of the insured or any of the aforesaid.

EXCLUSIONS UNDER THE TPL EXTENSION

The Company will not indemnify the insured, under this extension in respect of -

- a) The first amount of policy excess of each claim for any one occurrence related to property damage.
- b) Expenditure incurred in doing or redoing or making good or repairing or replacing anything covered or coverable under the policy.
- c) Liability consequent upon –
 - i. bodily injury to or illness of employees/workmen/members of the families of the insured or of the owners of the works/site/ premises/location or of any other firm/contractors connected with any other work at the works/site/premises/location.
 - ii. loss of or damage to property belonging to or held in trust by or under custody of the owner of the works/site/ premises/ location of any other firms/contractors or an employee/workmen/family member of any of the aforesaid.
 - iii. any accident caused by vehicles licensed for general road use or by waterborne vessels or by aircraft.
 - iv. any agreement by the insured to pay any sum by way of indemnity or otherwise unless such liability would have attached also in the absence of such agreement.

CONDITIONS APPLYING TO TPL EXTENSION -

- a) No admission, offer, promise, payment of indemnity shall be made or given by or on behalf of the insured without written consent of the company who shall be entitled, if any so desire, to take over and conduct in the name of the insured the defence or settlement of any claim or to prosecute for

their own benefit in the name of the insured any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the insured shall give all such information and assistance as the Company may require.

- b) The Company may, so far as any accident is concerned, pay to the insured the limit of indemnity for any one accident/for any one period, after deducting therefrom in such case of any sum/s already paid as compensation in respect thereof or any lesser sum for which the claim or claims arising from such accident can be settled and the Company shall thereafter be under no further liability in respect of such accident under this section.

The Third-Party Liability is covered upto the following limits: -

Any one person	Rs.10, 00,000/-
Any one Accident	Rs.25, 00,000/-

The Excesses applicable for TPL Property Damage claims will be the highest of the Excesses applicable to the Machineries insured.

4. Express Freight:

With this endorsement, the base policy is extended to cover extra charges for express freight (excluding air freight). Provided always that such extra charges are incurred in connection with any loss of or damage to the insured items recoverable under the policy.

If the sum(s) insured of the demand item(s) is/are less than the amount(s) required to be insured, the amount payable under this endorsement for such extra charges shall be reduced in the same proportion.

5. Air Freight:

With this endorsement, the base policy is extended to cover any Air Freight charges incurred by Insured in connection with the indemnifiable loss under the Policy.

Each and every claim shall be subject to a minimum Excess of 5 % of the admissible Air Freight incurred per claim.

6. Additional Custom Duty:

With this endorsement, the Insured shall also be indemnified during the period of the policy, towards the additional Customs Duty, which may be incurred by the Insured over and above the Customs Duty amount taken into account in arriving at the Sum Insured of the affected item.

You shall bear an excess of 5 % of the admissible Custom Duty increased, in addition to the Excess amount applicable for the affected item under the Policy.

The Indemnity for such Additional Customs Duty will stand reduced after occurrence of the claim unless reinstated by payment of an additional premium prescribed by the Company.

Subject otherwise to the terms, conditions and exceptions of the Policy.

Note-

i) For computation of indemnity under the Additional Customs Duty extension, exchange rate applicable on date of occurrence shall be considered.

ii) Under this only Sea Freight charge would be taken into account even though the replacement supplies had been air freighted and the policy has been endorsed for airfreight cover.

What are the Exclusions under this Policy?

We shall not be liable under this policy in respect of -

- The Excess to be borne by the Insured in any one occurrence; if more than one item is lost or damaged in one occurrence, the insured shall not, however, be called upon to bear more than the highest single Excess applicable to such items.
- Loss or damage due to electrical or Mechanical breakdown, failure, breakage or derangement, freezing of coolant or other fluid, defective lubrication or lack of oil or coolant, but if as a consequence of such breakdown or derangement an accident occurs causing external damage, such consequential damage will be indemnifiable.

- c. Loss of or damage to replaceable parts and attachment such as bits, drills, knives or other cutting edges, saw blades dies, moulds, patterns, pulverizing and crushing surfaces, screens and sieves, ropes, belts, chains, elevator and conveyor bands, batteries, tyres, connecting wires and cables, flexible pipes, joining and packing material regularly replaced.
 - d. Loss or damage due to explosion of any boiler or pressure vessel subject to internal steam or fluid pressure or of any internal combustion engine.
 - e. Loss of or damage to vehicles designed and licensed for general road use unless these vehicles are exclusively used on construction site.
 - f. Loss of or damage to Hull and machinery of waterborne vessels or crafts, however this exclusion shall not apply to Contractor's Plant and Machinery mounted on water borne vessels or crafts for the purpose of use for the contract work.
 - g. Loss or damage due to total or partial immersion in tidal waters.
 - h. Loss or damage whilst in transit, from one location to another location. (Public Liability will not be payable while Contractor's Plant & Machineries are on Public Roads).
 - i. Loss or damage as a direct consequence of the continual influence of operation (e.g. wear and tear, corrosion, rust, deterioration due to lack of use and normal atmospheric conditions).
 - j. loss or damage occurring whilst any insured item is under- going a test of any kind or is being used in any manner or for any purpose other than that for which it was designed;
 - k. Loss of or damage to plant and/or machinery working underground. (Note- This does not apply to Machineries used in Tunneling works).
 - l. War, Invasion, act of foreign enemy, hostilities or war like operation (whether war be declared or not), Civil War, Rebellion Revolution Insurrection, Mutiny, Civil Commotion, Military or usurped power, martial law, conspiracy, confiscation, commandeering a group of malicious person or persons acting on behalf of or in connection with any political organisation, requisition or destruction or damage by order of any government de jure or de facto or by any public, Municipal or Local Authority.
 - m. Loss or damage directly or indirectly caused by, or arising out of, or aggravated by nuclear reaction, nuclear radiation or radioactive contamination.
 - n. loss or damage due to any faults or defects existing at the time of commencement of this policy within the knowledge of the insured or his representatives, whether such faults or defects were known to the Company or not.
 - o. Loss or damage directly or indirectly caused by or arising out of or aggravated by the willful act or willful negligence of the insured or his representatives.
 - p. Loss or damage for which the supplier or manufacturer is responsible either by law or under contract.
 - q. Consequential loss or liability of any kind or description.
 - r. Loss or damage discovered only at the time of taking an inventory or during routine servicing.
- In any action, suit or other proceeding where the company allege that by reason of the provisions of exclusions (m) to (q) above any loss, destruction or damage is not covered by this policy, the onus of proving that such loss, destruction or damage is covered shall be upon the insured.

s. **Terrorism Damage Exclusion Warranty:**

Notwithstanding any provision to the contrary within this insurance 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 purpose of this endorsement 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 organization(s) or government(s), committed for political, religious, ideological or similar purpose including the intention to influence any government and/or to put the public, or any section of the public in fear.

The warranty also excludes loss, damage, cost or expenses 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 action taken in respect of any act of terrorism.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expenses is not covered by this insurance the burden of proving the contrary shall be upon the insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

Do I need to pay anything from my pocket at the time of claim?

You need to bear the below excess for each and every claim:

A) For Machinery under Group I, II, III and IV – (Except for cranes above 10 tonnes capacity)

EXCESSES		
Value of Equipment in Rs.	For claims arising out of AOG perils	For claims arising out of perils other than AOG
a. Individual value up to Rs.1 lakh.	10 % of S.I. Subject to a minimum of Rs. 5,000/-	2 % of S.I. subject to minimum of Rs. 1,500/-
b. Individual value over Rs. 1 lakh and up to Rs. 5 lakh.	5 % of S.I. Subject to a minimum of Rs.10, 000/-	1.5 % of S.I. subject to minimum of Rs.2, 000/-
c. Individual value over Rs. 5 lakh and up to Rs.10 lakhs.	3 % of S.I. subject to a minimum of Rs. 25, 000/-	1.25 % of S.I. subject to minimum of Rs. 7,500/-
d. Individual value over Rs. 10 lakhs up to Rs. 25 lakhs	2 % of S.I. subject to a minimum of Rs. 30, 000/-	1.00 % of S.I. subject to minimum of Rs. 12, 500/-
e. Individual value over Rs. 25 lakhs up to Rs. 50 lakhs	1 % of S.I. Subject to a minimum of Rs. 50, 000/-	Rs. 25, 000/- (Flat excess)
f. Individual value over Rs. 50 lakhs	1 % of S.I. Subject to a minimum of Rs. 50, 000/-	Rs. 35, 000/- (Flat excess)

B) For Cranes above 10 tonnes capacity under Group III –

Value of Equipment in Rs.	Main Section		Boom Section
	AOG claim	Normal	
a) Over 5 lakhs & up to 10 lakhs	1.5 % of S.I. Subject to a minimum of Rs. 10, 000/-	0.8 % of S.I. Subject to a minimum of Rs. 5, 000/-	20 % of claim amount subject to minimum of Rs. 25, 000/-
b) Value over Rs. 10 lakhs & up to 25 lakhs	1 % of S.I. Subject to a minimum of Rs. 20, 000/-	0.5 % of S.I Subject to a minimum of Rs. 10, 000/-	-do-
c) Value over 25 lakhs & up to 50 lakhs	0.7 % of S.I. Subject to a minimum of Rs. 25,000/-	Rs. 15, 000/-	-do-
d) Value over 50 lakhs	0.5 % of S.I. Subject to a minimum of Rs. 25,000/-	Rs. 25, 000/-	- do -

Note:- Excess for Boom section of cranes of above 10 tonnes capacity -

In case damages occur to the crane body as well as boom arising out of the same incident, the respective excess will be applicable. In case one of the two is damaged, the corresponding excess only will apply

C) For Machinery under Group V - Rs.1000/- Flat. Excess

What are the various provisions applicable to this Product?

Below provisions are applicable to this Product:

Sum insured

It is a requirement of this insurance that the Sum Insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity, which shall mean its replacement cost including freight, dues and customs duties if any and erection costs.

Basis of indemnity

- a. In cases where damage to an insured item can be repaired the Company will pay expenses necessarily incurred to restore the damaged machine to its condition immediately prior to the accident/loss 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 Insured. If the repairs are executed at a workshop owned by the Insured, the Company will 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, except those with limited life, but the value of any salvage will be taken into account. If the cost of repairs as detailed hereinabove equals or exceeds the actual value of the machinery insured 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 insured item is totally destroyed the Company will pay the actual value of the item immediately before the occurrence of the loss, including costs for ordinary freight, erection and customs duties if any, provided such expenses have been included in the sum insured, such actual value to be calculated by deducting proper depreciation from the replacement value of the item. The Company will also pay any normal charges for dismantling of the machinery destroyed but the salvage shall be taken into account.

Any extra charges incurred for overtime, night-work, work on public holiday, express freight, are covered by this insurance only if especially agreed to in writing.

In the event of the Makers' drawing, patterns and core boxes necessary for the execution of a repair, not being available, the Company shall not be liable for the cost of making any such drawings, patterns and core boxes.

The cost of any alteration, improvements or overhauls shall not be recoverable under this Policy.

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.

If the sum insured is less than the amount required to be insured as per Provision-1 herein above, the Company will pay only in such proportion as the sum insured bears to the amount required to be insured. Every item, if more than one, shall be subject to this condition separately.

The Company will make payments only after being satisfied, with the necessary bills and documents, that the repairs have been effected or replacement have taken place, as the case may be. The Company may, however, not insist for bills and documents in case of total loss where the insured is unable to replace the damaged equipment for reasons beyond their control. In such a case claims can be settled on 'Indemnity Basis'.

What are the various conditions applicable to this Product?

Below are the various conditions applicable to this Product:

Conditions

- a. This Policy and the attached Schedule(s) shall be read together as one contract and any words and expressions to which specific meanings have been attached in any part of this Policy or of the attached Schedule(s) shall bear the same meaning wherever they may appear.

- b. 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 Insured or any one 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 case of arbitration taking place as provided therein within three months after the arbitrator or arbitrators or umpire have made their award, all benefits under this Policy shall be forfeited.
- c. No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Insured without the written consent of the Company who shall be entitled if they so desire to take over and conduct in the name of the Insured the defense or settlement of any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceeding or in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.
- d. The due observance and fulfillment of the terms, provisions and conditions of and endorsement on this policy in 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 said proposal shall be conditions precedent to any liability of the Company to make any payment under this policy.

Miscellaneous

The Insured shall -

- a. Take all practicable steps including in the case of machinery lost or stolen or willfully damaged by giving of immediate notice to the Police to recover any property lost or stolen and in the case of theft or willful damage to discover the guilty person or persons.
- b. Produce or give access to any property alleged to be damaged and the Insured shall be bound to satisfy the Company by such reasonable evidence as the Company may require that the loss destruction or damage in respect of which a claim is made has actually arisen from one of the risks insured.

Obligations of the Insured

- a. The insured shall take all reasonable steps to maintain the insured property in efficient working order and to ensure that no item is habitually or intentionally overloaded. The Insured shall fully observe the manufacturer's instructions for operating, inspection and overhaul, as well as government, statutory, municipal and all other binding regulations in force concerning the operation and maintenance of the insured plant and machinery;
- b. The Company's officials and/or their representatives shall at all reasonable times have the right to inspect and examine any property insured hereunder and the Insured shall provide the officials of the Company with all details and information necessary for the assessment of the risk.
- c. In the event of any: -
 - i. Material change in the original risk,
 - ii. Alteration, modification or addition to an insured item,
 - iii. Departure from prescribed operating condition, whereby the risk of loss or damage increases.
 - iv. Change in the Insured's interest (such as discontinuation or liquidation of the business or being placed in receivership) taking place.

The Policy shall be void unless its continuance be agreed by endorsement signed by the Company.

Duties Following an Accident

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 telegram as well as in writing, giving an indication as to the nature and extent of loss or damage.
- b. take all reasonable steps within his power to minimize the extent of the loss or damage or liability;
- 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.

The Company shall not be liable for any loss or damage of which no notice and completed claims form have been received by the Company within Fourteen days of its occurrence.

Upon notification of a claim being given to the Company, the Insured may proceed with the repair of any minor damage not exceeding Rs. 7,500/- provided that the carrying out of such repairs is without prejudice to any question of liability of the Company and that any damaged part requiring replacement is kept for inspection by the Company, but in all other cases a representative of the Company shall have the opportunity of inspecting the damage before any alterations, repairs or replacements are effected. Nothing contained herein shall prevent the Insured from taking such steps as are absolutely necessary to maintain the operation of the plant.

The liability of the Company under this Policy in respect of any item of property sustaining damage, for which indemnity is provided, shall cease if the said item is kept in operation without being repaired to the satisfaction of the Company.

Other Insurances

If at the time any claim arises under this Policy there is any other insurance covering the same loss damage or liability, the Company shall not be liable to pay or contribute more than its rate able proportion of such loss damage or liability.

Position after a Claim

- a. The Insured shall not be entitled to abandon any property to the Company whether taken possession of by the Company or not.
- b. As from the day of the loss the Sum Insured for remainder of the period of insurance is reduced by the amount of the compensation. To prevent under insurance during the remainder of the current period of insurance the amount insured must be reinstated. The premium will be calculated pro-rata from the day the repaired item is again put to work. For subsequent periods of insurance, the original indemnity and premium are again in force unless circumstances justify an alteration.

Transfer of Interest

The insurance granted by this Policy shall cease to attach to any items described in the Schedule the interest in which shall pass from the Insured otherwise than by will or operation of law, unless the consent of the Company for the continuance of the insurance shall be obtained and signified by endorsement hereon.

Termination of Insurance

This insurance may be terminated at any time at the request of the Insured, in which case the Company will retain the premium calculated at the customary short period rate for the time the policy has been in force.

The Company may cancel the policy on grounds of misrepresentation, fraud, non-disclosure or non-co-operation by the insured, giving 15 days' notice to the insured for the cancellation and there would be no refund of premium.

Recourse

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 required by the Company in endorsing any right or remedies or of obtaining relief or indemnity from parties (other than those insured under this Policy) to which the Company shall be or would become entitled or subrogated upon their paying for or making good of 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.

How do I get the premium amount for this Insurance Cover?

Based on filled proposal form and information furnished, we will provide you with the premium amount.

What is the renewal condition under this Policy?

We are not bound to accept any renewal premium or give notice that renewal is due. Under normal circumstances, renewal will not be refused except on the grounds of moral hazard, misrepresentation or fraud of the Insured.

The renewal premium shall be as per the rates approved by IRDAI on the date of renewal for this product.

What do I do in case of a claim?

In case of a claim, we request you to register a claim by contacting our Customer Service No. 1800 258 5956: You can, alternatively, also register a claim by email on: hello@godigit.com

Please keep below details handy at the time of registering claims as this information will help us serve you faster: Policy Number, Location of Accident, Date and Time of Accident & Contact Number of the Insured/Caller.

IMPORTANT NOTE: Above is a summary of Coverage and Exclusions, please refer to detailed Policy Terms & Conditions and Policy Schedule for full description which shall prevail in the event of any claim/complaint/dispute.