

## Marine cum Erection / Storage cum Erection Policy

This is a comprehensive policy covering all physical risks which a project is exposed to.

### How to select the sum insured?

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The sum insured selected under section I should not be less than the completely erected value of the property inclusive of estimated freights, customs duty, erection cost etc.

In case of long term contracts, there is bound to be escalation in prices i.e. prime cost. The basic policy will pay only as per the original cost and prices. However escalation clause can be opted for, under which escalation upto 50%, can be selected to take care of such increase in prices during the policy period.

The sum insured shall be adjustable on completion of the erection, on the basis of actual values incurred by the insured in respect of freights, handling charges, customs dues, cost of erection etc. and premium adjusted accordingly.

The sum insured under section II should represent the per accident limit (the maximum legal liability that may fall on the insured as a result of an accident in the insured's site). The limit per policy period should be fixed taking into account the maximum number of such accidents which can reasonably be expected to occur.

### Who can take the policy?

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The policy can be taken by the principal, contractor or sub contractor, jointly or separately.

### Highlights

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This is a comprehensive policy covering all physical risks which a project is exposed to right from the warehouse of the supplier of equipments - whether imported or indigenous - to its erection, testing and commissioning at the site.

In case the supplier has arranged transit insurance upto the site, a Storage cum erection policy can be issued limiting coverage to risks that the project is exposed to at the site only.

In case the policy period exceeds 12 months, the premium can be paid in quarterly installments with the first installment being more by 5% and the last installment being paid 6 months before expiry of the policy.

### Scope

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**The policy comprises of 2 Sections :**

- Section I-Material Damage-covering physical loss, damage or destruction of the property insured by any cause, other than those specifically excluded in the policy.
- Section II-Third Party Liability-covering the legal liability falling on the insured contractor as a result of bodily injury or property damage belonging to a third party.

**The policy covers all risk of physical loss or damage of insured property other than those specifically excluded , including :-**

- marine voyage for imports
- offloading / storage at port
- inland transit to site
- storage, handling, erection at site
- testing and commissioning at site

### The main exclusions are :-

1. loss or damage due to faulty design, defective material or casting, bad workmanship other than faults in erection. This exclusion is limited to the items immediately affected and does not apply to any consequential loss to correctly executed items.
2. cost necessary for rectification or correction of any error during erection unless resulting in physical loss or damage.
3. loss or damage due to gradual deterioration, atmospheric condition, rusting etc.
4. loss discovered only at the time of taking inventory.
5. loss arising out of penalty for delay, non-fulfillment of terms of contract.

### Add on covers

The policy can be extended to cover the following on payment of additional premium.

- clearance and removal of debris
- damage to owner's surrounding property
- maintenance visit / extended maintenance cover
- additional customs duty
- civil works
- express freight
- air freight
- deletion of duration clause under marine

### How to claim?

In the event of any loss or damage giving rise to a claim under the policy, the following steps should be taken :-

- take necessary steps to minimize the loss & inform insurance company immediately.
- inform fire brigade in case of fire and police authorities in case of theft.
- extend full cooperation to the surveyor deputed by the company.
- submit duly filled in claim form along with necessary documents to substantiate the financial loss suffered as a result of the accident.

### Period of Insurance

The period of insurance should not be less than the period of contract and should commence from the date of unloading of the first consignment at the site of the erection and shall continue upto the conclusion of the first test operation or test loading subject to a maximum of 4weeks from the date trial running is made and / or readiness for work is declared by the erectors. If a part of the plant or one or several machines are tested and put into the operation, the coverage under the policy for that particular part of the plant or machine will cease, whereas the coverage will continue for the remaining parts which are not yet ready.

In case approval of the plant or any part thereof is not given by the concerned authorities even after expiry of 4weeks of trial running, the policy can be extended and the extra premium to be arranged beforehand.

**Note:** Policy details given are indicative, not exhaustive. Please contact your Gulf Union office for further details.



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