

FIRE AND SPECIFIED PERILS PROPERTY DAMAGE POLICY

The **SALAMA** – Islamic Arab Insurance Co PSC (**the Takaful Operator**) agrees (subject to the terms, conditions and exclusions of this Policy) that if after payment of the required premium the Property Insured described in the Schedule or any part of such property is lost, destroyed or damaged by any of THE PERILS specified in the Schedule at any time during the Period of Insurance, the Takaful Operator will pay to the Insured the value of the property at the time of the happening of its loss or destruction or the amount of such damage or at the Takaful Operator's option will reinstate or replace such property or any part thereof

PROVIDED THAT-

the liability of the Takaful Operator shall in no case exceed

- i) in the whole the total sum insured or in respect of any item its sum insured at the time of the loss destruction or damage
- ii) the sum insured remaining after payment for any other loss destruction or damage occurring during the same period of insurance unless the Takaful Operator shall have agreed to reinstate any such sum insured.

DEFINITIONS

The words below are highlighted in capitals in the Policy and bear the same meaning wherever they appear.

'**DAMAGE**' shall mean physical loss, destruction of or damage to the Property Insured.

'**TERRORISM**' shall mean the use of violence for political ends committed by any person or persons acting on behalf of or in connection with any organization and includes the use of violence for the purpose of putting the public or any section of the public in fear.

'**DEDUCTIBLE**' shall mean the amount specified in the Schedule for which the Takaful Operator is not liable. The deductible shall apply to each and every loss at each separate location as ascertained but after the application of General Condition 12 - Average (Underinsurance).

THE PERILS

A. FIRE (whether resulting from explosion or otherwise)

Excluding:

- a) **DAMAGE** occasioned by earthquake, volcanic eruption or other convulsion of nature
- b) **DAMAGE** to the Property Insured occasioned by:
 - i) its own spontaneous fermentation or heating
 - ii) its undergoing any process involving the application of heat
- c) **DAMAGE** occasioned by the burning, whether accidental or otherwise, of forests, bush, prairie, pampas or jungle, and the clearing of lands by fire.

FIRE is deemed to include the perils of LIGHTNING and the EXPLOSION of domestic boilers and gas used for domestic purposes only.

B. EXPLOSION

Excluding:

- a) **DAMAGE** to boilers, economizers or other vessels, machinery or apparatus where explosion results from their use of internal pressure
- b) **DAMAGE** to the contents of boilers, economizers or other vessels, machinery or apparatus as referred to in (a) above resulting from their explosion
- c) Damage directly or indirectly caused by TERRORISM.

C. AIRCRAFT and other aerial devices and/or articles dropped therefrom.

D. RIOT, STRIKERS, LOCKED-OUT WORKERS

DAMAGE directly caused by:

- a) the act of any person taking part together with others in any disturbance of the public peace (whether in connection with a strike or lock-out or not) including civil commotion which does not assume the proportions of a popular rising
- b) the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out
- c) the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimizing the consequences of any such disturbance

Excluding:

1. DAMAGE directly or indirectly caused by
 - a) TERRORISM
 - b) the malicious act of any person (whether or not such act is committed in the course of disturbance of the public peace) not being a wilful act of any rioter, striker or locked-out worker in furtherance of a riot or strike or in resistance to a lock-out
 - c) total or partial cessation of work or the retarding or interruption or cessation of any process or operation.
2. DAMAGE caused by permanent or temporary dispossession
 - a) resulting from confiscation, commandeering or requisition by any lawfully constituted authority
 - b) of any building resulting from the unlawful occupation by any person of such building.

E. MALICIOUS DAMAGE

DAMAGE to the Property Insured directly caused by the malicious act of any person (whether or not such act is committed in the course of a disturbance of the public *peace*) but excluding **DAMAGE** arising out of theft or any attempt thereat.

The cover provided under this Peril is subject to the cover under Peril D (RIOT, STRIKERS, and LOCKED-OUT WORKERS) being specified in the Schedule and to the application of the same exclusions other than lb).

F. EARTHQUAKE OR VOLCANIC ERUPTION

Including flood or overflow of the sea occasioned thereby. The DEDUCTIBLE specified in the schedule with regard to Peril F shall not apply to DAMAGE by FIRE which results from Peril F. The DEDUCTIBLE shall apply separately to each incident as it affects each building.

For the purpose of this clause all buildings at the same address shall be considered as one building and an incident shall be regarded as terminated only after seventy two hours freedom from the Peril giving rise to the claim. After this period the DEDUCTIBLE will apply afresh.

G. STORM

DAMAGE caused by windstorm, hurricane, cyclone, typhoon, tornado and the like

1. excluding DAMAGE caused by
 - a) flood, overflow of the sea or any other water damage which is not due to the above Perils
 - b) Subsidence, landslip or heave
 - c) **hail**
2. excluding DAMAGE to
 - a) awnings, blinds, signs or other outdoor fixtures and fittings, gates and fences and moveable property in the open
 - b) premises in course of construction, alteration or repair except when all outside doors, windows and other openings are complete and protected against storm.

The DEDUCTIBLE specified in the schedule with regard to Peril G shall not apply to damage by FIRE which results from Peril G. The DEDUCTIBLE shall apply separately to each incident as it affects each building.

For the purpose of this clause all buildings at the same address shall be considered as one building and

an incident shall be regarded as terminated only after seventy two hours from the Peril giving rise to the claim. After this period the DEDUCTIBLE will apply afresh.

H. FLOOD

DAMAGE other than DAMAGE covered by Peril G caused by the escape of water from the normal confines of any natural or artificial watercourse or lake, reservoir, canal or dam or by overflow of the sea

1. excluding DAMAGE caused by
 - a) subsidence, landslip or heave
 - b) the escape of water from any water tank, apparatus or pipes.
2. excluding DAMAGE to
 - a) moveable property in the open
 - b) premises in course of construction, alteration, or repair.

I. BURST PIPES, APPARATUS AND TANKS

excluding DAMAGE caused by water discharged or leaking from an installation of automatic **sprinklers**.

J. IMPACT

DAMAGE caused by

- a) any road vehicle or by property falling from a moving vehicle
- b) any animal

not belonging to or under the control of the Insured or any occupier of the premises or their respective employees.

GENERAL EXCLUSIONS

This Policy does not cover:

1. **DAMAGE** directly or indirectly caused by
 - a) riot, civil commotion, strikers or locked-out workers unless Peril D is specified in the Schedule
 - b) war, invasion, act of foreign enemy, hostilities or war-like operations (whether war be declared or not) or civil war
 - c) mutiny, 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.
2. DAMAGE to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom **or** any consequential **loss** directly or indirectly caused by or contributed to by or arising from:
 - a) any nuclear weapons material
 - b) ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.Solely for the purpose of this exclusion combustion shall include any self-sustaining process of nuclear fusion.
3. DAMAGE to any electrical machine, apparatus or any portion of the electrical installation arising from or occasioned by over-running, excessive pressure, short circuiting, self-heating, arcing or leakage of electricity from whatever cause including lightning.

This exclusion shall only apply to the particular machine, apparatus or portion of the electrical installation so affected and not to other machines, apparatus or electrical installation destroyed or damaged by FIRE originating in and spreading from such particular machine, apparatus or other electrical installation.

4. **DAMAGE to property which at the time of the happening of** such damage is insured

by or would but for the existence of this Policy be insured by any Marine Policy or Policies except in

respect of any excess beyond the amount which would have been payable under the Marine Policies had this Insurance not been effected.

5. Goods held in trust or on commission, bullion or unset precious stones, money (coin or paper), cheques, securities, obligations, stamps, documents, manuscripts, business books, computer systems records, patterns, models, moulds, plans, drawings, designs or explosives, unless specially mentioned as insured by this Policy.
6. Consequential loss or damage of any kind or description except loss of rent when such loss is included in the cover under the Policy.

SPECIAL CLAUSES

1. Removal of Debris

This Policy covers

costs and expenses necessarily incurred by the Insured with the consent of the Takaful Operator in;

- a) removing debris from
- b) dismantling and/or demolishing
- c) shoring up or propping of the portion or portions of the Property Insured by this Policy destroyed or damaged by an insured Peril.

The amount recoverable under this clause shall not exceed the lesser of.-

- 10% of the sum insured in respect of each item of buildings, machinery or other contents destroyed or damaged or:-
- 5% of the sum insured in respect of each item of destroyed or damaged stock. The Takaful Operator will not pay for any costs or expenses
 - i) Incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site
 - ii) arising from pollution or contamination of property not insured by this Policy.

2. Architects' and Surveyors' Fees

The sum insured on the building(s) described in this Policy is declared to include architects' and surveyors' fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of the said building(s) following destruction or damage by any Peril hereby insured against except insofar as the Takaful Operator elects to reinstate or replace wholly or in part any property so damaged or destroyed but in no case exceeding 10% of the amount payable under any item of this Policy on such building(s).

It is

understood and agreed that the amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim.

3. Public Authorities' Requirements

This Policy covers such additional cost of reinstatement of the destroyed or damaged property hereby insured as may be incurred solely by reason of the need to comply with Building or other Regulations under or framed in pursuance of any Law, Statute or with Bye-laws of any Municipal or Local Authority provided that:

1. The amount recoverable under this clause shall not include:
 - a) the cost incurred in complying with any of the aforesaid Regulations or Bye-laws
 - i) in respect of destruction or damage occurring prior to the granting of this cover
 - ii) in respect of destruction or damage not insured by the Policy

- iii) under which notice has been served upon the Insured prior to the happening of the destruction or damage in respect of undamaged property or undamaged portions of the property
 - b) the additional cost that *would have been* required to make good the property damaged or destroyed to a condition equal to its condition when nevi had the need to comply with any of the aforesaid Regulations or Bye-laws not arisen
 - c) the amount of any rate, tax, duty, development or other charge or assessment arising out of capital appreciation which may be payable in respect o!' the property or by the owners thereof by reason of compliance with any of the aforesaid Regulation! or Bye-laws.
- 2. The work of reinstatement must be commenced and carried out with reasonable despatch and in any case must be completed within 12 months after the destruction or damage or within such further time as the Takaful Operator may (during the said 12 months) in writing allow and may be carried out wholly or partially upon another site (if the aforesaid Regulations or Bye-laws so require) subject to the liability of the Takaful Operator under this clause not being thereby increased.

GENERAL CONDITIONS

1. Identification

This Policy and the Schedule and Specification which form an integral part of this Policy shall be read together as one contract and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they may appear.

2. Warranties

Every warranty to which the Property Insured or any item thereof is or may be made subject shall from the time the warranty attaches apply and continue to be in force during the whole currency of the Policy, and non-compliance with any such warranty shall be a bar to any claim in respect of any such property or item, provided that whenever this Policy *is* renewed a claim in respect of DAMAGE occurring during the renewal Period shall not be barred by reason of a warranty not having been complied with at any time before commencement of such period.

3. Reasonable Precautions

The Insured shall maintain the Property Insured in a proper state of repair and shall take all reasonable precautions to prevent DAMAGE the-et°.

4. Misrepresentation

This Policy shall be voidable by the Takaful Operator in the event of misrepresentation, misdescription **or** nondisclosure in any material particular by the Insured.

5. Fraud

All benefit under this Policy shall be forfeited if a claim is in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain benefit under this Policy or if any DAMAGE is caused by the wilful act or with the connivance of the Insured.

6. Commencement of Actions

Benefit under this Policy shall be forfeited in respect of any claim

- a) made and rejected if an action or suit is not commenced within 12 months after such rejection, or
- b) where arbitration takes place in pursuance of Condition 14 of this Policy and an action or suit is not commenced within 12 months after the Arbitrator shall have made his award.

7. Alterations

This Policy ceases to attach under the following circumstances as regards the property affected unless the Insured, before the occurrence of any **DAMAGE**, has obtained the agreement of the Takaful Operator in writing

- a) if the trade or manufacture carried on is altered or if the nature of the occupation of **or** other circumstances affecting the building insured or containing the Property Insured is changed in such a way as to increase the risk of DAMAGE by any of the Perils insured against
- b) if any of the buildings insured or containing the Property Insured become unoccupied and so remain for a period of more than 30 days
- c) if the interest in the Property Insured passes from the Insured other than by will or operation of law

- d) If the Property insured be removed to any building or place other than that specified in the Schedule.

8. Reinstatement

The Takaful Operator may at its option, repair or replace the property damaged or destroyed or any part thereof, instead of paying the amount of the DAMAGE or may join with other Insurers in so doing, but the Takaful Operator shall not be bound to repair exactly or completely, but only as circumstances permit and in reasonably sufficient manner and in no case shall the Takaful Operator be bound to expend more in repair than it would have cost to repair such property as it was at the time of the occurrence of such DAMAGE, nor more than the sum insured thereon.

If the Takaful Operator so elects to repair or replace any property the Insured shall, at his own expense, furnish the Takaful Operator with such plans, specifications, measurements, quantities and such other particulars as the Takaful Operator may require, and no acts done or caused to be done by the Takaful Operator with a view to repair or replacement shall be deemed an election by the Takaful Operator to repair or replace.

If the Takaful Operator shall be unable to repair or replace the Property Insured because of any municipal or other Regulations in force affecting the alignment of streets or the construction of buildings or otherwise the Takaful Operator shall, in every such case, only be liable to pay such sums as would be required to repair or replace such property if the same could lawfully be restored to its former condition.

9. Claims Procedure

If any event giving rise to or likely to give rise to a claim under this policy comes to the knowledge of the Insured he shall

- a) immediately
 - i. take steps to minimize the DAMAGE and recover any missing property
 - ii. give notice in writing to the Takaful Operator
 - iii. give notice to the police in the event of deliberate or malicious damage
- b) within 30 days or such further time as the Takaful Operator may in writing allow, deliver to the Takaful Operator
 - i) a claim in writing for the DAMAGE containing as particular an account as may be reasonably practical of all the several articles or items of property lost or damaged and the amount of DAMAGE thereto respectively, having regard to their value at the time of the DAMAGE
 - ii) Particulars of any other insurances.

The Insured shall at all times at his own expense produce, procure and give to the Takaful Operator 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 DAMAGE occurred, and any matter touching the liability or the amount of the liability of the Takaful Operator as may be reasonably required by or on behalf of the Takaful Operator together with the declaration on oath or in other legal form of the truth of the claim and any matters connected therewith.

10. Rights of the Takaful Operator following a Claim

On the happening of DAMAGE in respect of which a claim is made the Takaful Operator and any person authorised by the Takaful Operator may without hereby incurring any liability or diminishing any of the Takaful Operator's rights under this Policy

- a) enter, take or keep possession of the premises where such DAMAGE has occurred
- b) take possession of or require to be delivered to the Takaful Operator, any Property Insured and deal with such property for all reasonable purposes and in any reasonable manner.

No property may be abandoned to the Takaful Operator whether it is taken possession of by the Takaful Operator or not.

11. Contribution

If at the time of any DAMAGE there is any other insurance effected by or on behalf of the Insured covering any of the property lost, destroyed or damaged, the liability of the Takaful Operator hereunder shall be limited to its ratable proportion of such DAMAGE.

If any such other insurance is expressed to cover any of the Property Insured, but is subject to any provision

whereby it is excluded from ranking concurrently with this Policy either in whole or in part from contributing ratably to the DAMAGE, the liability of the Takaful Operator hereunder shall be limited to such proportion of the DAMAGE as the sum hereby insured bears to the value of the property.

12. Average (Underinsurance)

If the Property Insured, at the time of any DAMAGE, is collectively of greater value than the sum insured thereon, the Insured shall bear a share of the loss corresponding directly to the proportion of underinsurance. Every item, if more than one, of the Policy shall be separately subject to this Condition.

13. Subrogation

Any claimant under this Policy shall at the request and at the expense of the Takaful Operator take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Takaful Operator.

14. Arbitration

If any difference arises as to the amount to be paid under this Policy (liability being otherwise admitted) such difference shall be referred to an Arbitrator to be appointed by the parties in accordance with any statutory provisions as appropriate. Where any difference is by this Condition to be referred to arbitration, the making of an award shall be a condition precedent to any right of action against the Takaful Operator.

SPECIAL CONDITION FOR DECLARATION POLICIES

1. The Insured agrees to declare to the SALAMA – Islamic Arab Insurance Co PSC in writing the value of homes mortgaged on a monthly basis such declaration to be signed by a responsible person authorized to sign on their behalf.
On the expiry of each month of insurance the premium shall be calculated at the agreed rate on the total sum insured, namely the total of the value declared.
2. The basis of value for declaration shall be the new replacement value (nrV) and any loss hereunder shall be settled on the basis of (nrV) immediately anterior to the loss.
3. If after the occurrence of a loss it is found that the amount of the last declaration previous to the loss is less than the amount that ought to have been declared, then the amount which would have been recoverable by the Insured shall be reduced in such proportion as the amount of the said last declaration bears to the amount that ought to have been declared.
4. Notwithstanding the occurrence of a loss it is understood that the sum insured shall be maintained at all time during the currency of the Policy and the Insured therefore undertakes to pay extra premium on the amount of any loss pro-rata from the date of such loss to the expiry of the period of insurance, the premium being calculated at the rate applicable to the total nrV of all the mortgaged homes.
5. In the event of this policy being cancelled by the Insured during its currency no refund whatsoever shall be paid by the Takaful Operator.
6. The maximum liability of the Takaful Operator shall not exceed the sum insured hereby and premium shall not be receivable on values in excess thereof. The sum insured may, however be increased by prior agreement with the Takaful Operator in which event the new sum insured and the date from which it is effective will be recorded on the Policy by endorsement.
7. If the mortgaged homes hereby insured shall at the time of loss be collectively of a greater value than the sum insured thereon, then the Insured shall be considered as being their own Insurer for the difference and shall bear a ratable proportion of the loss accordingly.

This insurance is subject in all respects to the printed conditions of the Policy except in so far as they may be varied by these special conditions.

CANCELLATION CLAUSE

The Takaful Operator may cancel this Policy *by* sending 60 days' notice *by* registered letter to the Insured at his last known address and in such event the Insured shall be entitled to a return of a pro-rata premium corresponding to the unexpired Period of Insurance.

LIEN CLAUSE

Loss, if any, payable under this Policy shall be paid to Mashreq bank
It is further understood and agreed that receipt of the claim amount *by Mashreqbank* will be considered as a valid discharge.

TERRORISM & SABOTAGE. WAR & POLITICAL RISKS EXCLUSION CLAUSE

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, resulting from or in connection with any of the following regardless of any other cause or event contribution concurrently or in any other sequence to the *loss*:

(1) War, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

(2) Any act of terrorism.

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 of person(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 ethnic purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public in fear

This endorsement 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 (1) and /or (2) above.

If the insurers allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance, the burden of proving the contrary shall be upon the Assured.

NUCLEAR/BIOLOGICAL/CHEMICAL TERRORISM EXCLUSION

It is agreed that, regardless of *any* contributory causes, this insurance does not cover any losses directly or indirectly arising out of any nuclear, chemical or biological contamination due to any act of terrorism.

For the purpose 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 organization(s) or government(s), committed for political, religious or ideological purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

For the purposes of this exclusion "contamination" means the contamination or poisoning of people by nuclear and/or chemical and/or biological substances which cause illness and/or death.

If the Insurer alleges that by reason of this exclusion any loss is not covered by this insurance the burden of proving the contrary shall be upon the Insured

Deductible/Excess:-

Specified Perils	Deductible (Dhs) (each and every claim)
Fire	1,000
Explosion	1,000
Aircraft	1,000
Riot, Strikers, Locked-out Workers	1,000
Malicious Damage	1,000
Earthquake, Volcanic Eruption	1,000
Storm	1,000
Flood 1. Burst Pipes, Apparatus and Tanks	1,000
Impact (including own vehicles)	1,000
Theft accompanied by violent and forcible entry and 'or exit	1,000

MEMORANDUM ATTACHING TO AND FORMING PART OF POLICY

It is hereby declared and agreed that the policy is subject to following special conditions:-

- a) Sum Insured for the Covered Property i.e., Residential Building and Landlord's Fixtures and Fittings for which purchase loan was disbursed to the borrower by the Bank, shall be the Replacement Value.
- b) Covered Property exceeding Dhs.10,000,000/- will be underwritten separately.
- c) In the event of sum insured being less than 85% of the Current New Replacement Value at the time of loss, then the claim payment shall be at that proportion as the sum insured is to the Current New Replacement Value.
- d) Buildings shall be of Superior Construction
- e) Landlord's Fixtures and Fittings exclude Works of Art, Antiques and the like. However cover can be arranged at terms to be agreed.
- f) Automatic Addition/Deletion subject to monthly declaration.
- g) No Run-Off Facility, cover ceases or cancellation/termination of the Policy.
- h) Declaration containing the following information to be provided on a monthly basis within 7 days from the end of each month:-
 - i. Loan Account Number
 - ii. Name of the Borrower
 - iii. Loan Disbursement Date
 - iv. Period of Loan
 - v. Original Loan Amount
 - vi. Replacement Value of the Covered Property
 - vii. Address of the Covered Property

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED

TERMINATION CLAUSE

This Policy may be cancelled by the Takaful Operator at any time by given not less than thirty (30) days prior written notice to the Policyholder.

Disclaimer: Mashreq Bank PSC shall not be responsible for the insurance company's actions or decisions nor shall Mashreq Bank PSC be liable regarding payment of claims under the policy/Insurance contract issued by SALAMA – Islamic Arab Insurance Co PSC (the Takaful Operator)

“Should any discrepancies arise between the policy and any literature received by the Policyholder/Insured, the terms, conditions, endorsements and exclusions in the Policy will govern in all cases”