



Policy No.

THE ORIENTAL INSURANCE COMPANY LIMITED

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BOILER & PRESSURE PLANT INSURANCE POLICY

WHEAREAS the Insured named in the Schedule hereto by a Proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to **THE ORIENTAL INSURANCE COMPANY LIMITED** (hereinafter called the "Company") for the Insurance hereinafter contained and has paid the premium as consideration for such Insurance in respect of accident or damage occurring during the Period of Insurance stated in the Schedule or during any subsequent period for which the Insured pays and the Company may accept the premium for the renewal of this Policy.

NOW THIS POLICY OF INSURANCE WITNESSETH that subject to the terms exceptions exclusions provisions definitions warranties and conditions contained herein or endorsed hereon the Company will at its own option by payment or reinstatement or repair indemnify the Insured against.

1. damage (other than by fire) to the boilers and/or other pressure plant described in the Schedule
2. damage (other than by fire) to surrounding property of the Insured described in the Schedule or to property held by the Insured in trust or on commission or for which he is responsible
3. liability of Insured at law on account of
 - a) death of or bodily injury to any person (other than a person under a contract of service or apprenticeship with the Insured sustaining death or bodily injury which arises out of and in the course of employment with the Insured)
 - b) damage to property not belonging to the Insured nor held in trust or on commission nor for which he is responsible caused by and solely due to Explosion or Collapse as hereinafter defined of any boiler or other pressure plant described in the Schedule occurring in the course of ordinary working.

PROVIDED that the liability of the Company for any one item of the Insured property and Third Party Liability shall not exceed in the aggregate in any one Period of Insurance the sum Insured set against such item in the Schedule unless the Sum Insured under such item is reinstated after occurrence of a claim for the balance period.

DEFINITIONS

The following terms where used in this Policy shall have attached to them the undermentioned meanings.

1. 'Boiler' shall mean any fired closed vessel or a combined container piping system in which steam is generated under pressure.
2. 'Pressure Plant' shall mean any unfired closed container under steam gas or fluid pressure.
3. 'Explosion' shall mean the sudden and violent rending or tearing apart of the permanent structure of a boiler or pressure plant or any part or parts thereof by force of internal steam gas or fluid pressure causing bodily displacement of the said structure and accompanied by the forcible ejection of its contents.
4. 'Collapse' shall mean the sudden and dangerous distortion of any part of a boiler or pressure plant by bending or crushing caused by steam gas or fluid pressure whether attended by rupture or not.
It shall not mean any slowly developing deformation due to any cause.
5. 'Flue Gas Explosion' shall mean an explosion of ignited gasses in the furnaces or flues of the boilers economisers and superheaters.
6. 'Chemical Explosion' shall mean an explosion arising out of chemical in any plant.

GENERAL EXCEPTIONS

The Company shall not be liable under this Policy in respect of

1. Loss damage and/or liability caused by/or arising from or in consequence directly or indirectly of fire (arising from explosion or collapse or any other cause whatsoever) including extinguishment of a fire or clearance of debris and dismantling necessitated thereby smoke soot aggressive substance lightning theft collapse of buildings subsidence landslide rockslide water which escapes from water containing apparatus flood inundation storm tempest earthquake volcanic eruption or other acts of God impact of landborne waterborne or airborne craft or other aerial devices and or articles dropped therefrom.
2. a) War invasion act of foreign enemy hostilities or war like operations (whether war be declared or not) civil war rebellion revolution insurrection mutiny riot strike lockout and malicious damage civil commotion military or usurped power marital law conspiracy confiscation commandeering 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.

- b) Nuclear reaction nuclear radiation or radioactive contamination.
3. Accident loss damage and/or liability resulting from overload experiments or tests requiring the imposition of abnormal conditions.
4. Gradually developing flaws defects cracks or partial fractures in any part not necessitating immediate stoppage although at some future time repair or renewal of the parts affected may be necessary.
5. Defects due to the wearing away or the wasting of the materials of a boiler or a pressure plant 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 pressure plant or for deterioration generally for the development of cracks blisters lamination and other flaws or fractures failures of joint within the range for steam or feed pipes or for bulging and deformation due to overheating of tubes (unless such defects fracture failure or bulging result in explosion or collapse) or for the cracking of section of cast-iron heating boilers or other vessels constructed of cast-iron.
6. The failure of individual tubes in boilers of the water tube locomotive or other multitubular types in superheaters or in economisers (unless such defects result in explosion or collapse).
7. Loss of or damage to the insured plant or property and/or liability arising during and occasioned by the application of steam hydraulic or any other test of this plant as specified by Inspecting Authority or otherwise.
8. Loss and/or damage due to and arising out of any chemical explosion other than Flue Gas Explosion.
9. Loss damage and/or liability caused by arising out of the wilful acts or wilful neglect or gross negligence of the Insured or his responsible representatives.
10. Liability assumed by the Insured by agreement unless such liability would have attached to the Insured notwithstanding such agreement.
11. Loss damage and/or liability due to faults or defects existing at the time of commencement of this insurance and known to the Insured or his responsible representatives but not disclosed to the Company.
12. Loss of use of the Insured's plant or property or any other consequential loss incurred by the Insured.
13. Loss or damage for which the manufacturer or supplier or repairer of the property is responsible either by law or under contract.

In any action suit or other proceeding where the Company alleges that by reason of the exceptions or exclusions above any loss destruction damage or liability is not covered by this Insurance the burden of proving that such loss destruction damage or liability is covered shall be upon the Insured.

CONDITIONS

1. The policy and the Schedule shall be read together as one contract and any word or expression to which specific meaning have been attached in any part of this Policy or of the Schedule shall bear the same meaning wherever they may appear.
2. The pressure or load upon the safety valves of any items of plant shall at no time exceed the maximum pressure specified in the Schedule or the permissible working pressure therefor as set out in the report on the last examination whichever is the lower.
3. If at any time after commencement of this Insurance there is an alteration of fuel used other than for which the boiler was designed or which is used at the time of effecting this Insurance the Company shall be informed immediately of such alteration and this Insurance will continue only on payment of additional premium if necessary to be fixed on the merits of each individual item.
4. 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 for herein within three months after the arbitrator or arbitrators or umpire have made their award all benefits under this Policy shall be forfeited.
5. 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 defence 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.
6. The due observance and fulfilment 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.
7. SUM INSURED
If the boiler and pressure plant covered under item No. 1 of the Schedule shall at the time of any loss be of greater value

than the sum insured thereon then the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable share of the loss accordingly.

The term 'value' shall mean the new replacement value of the plant which is inclusive of freight dues and custom duties if any and erection costs.

Every item if more than one of this Policy shall be separately subject to this Condition.

8. BASIS OF INDEMNITY

(a) In cases where damage to an item 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 but for the boiler and pressure vessels listed in the Schedule only to extent such expenses have been included in the sum insured.

if the repairs are executed at a workshop owned by the Insured the Company shall pay the cost of materials and wages incurred for the purpose of the repair 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 repair as detailed hereinabove 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 insured item 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 but for the boiler and pressure vessels listed in the Schedule only provided such expenses have been included in the sum insured such actual value be calculated by to deducting proper depreciation from the replacement value of the item. The Company shall also pay any normal charges for the dismantling of the items destroyed but the salvage shall be taken into account

Any extra charge incurred for overtime night work, work on public holidays and express freight shall be covered by this Policy only if especially agreed in writing.

9. 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 manufacturers instruction for operating inspection and overhaul as well as government statutory municipal and all other binding regulations including the rules under the Nepal Boilers Regulation in force concerning the operation and maintenance of the insured Boilers and Pressure Plants.

(b) The officials of the Company shall at all reasonable times have the right to inspect and examine any Boiler & Pressure Plant or any property insured hereunder and the Insured shall provide the officials with all details and information necessary for the assessment of the risk. The Company shall provide the Insured with a copy of Inspecting Official's report which shall however be treated as strictly confidential both by the insured and the Company.

Whenever arrangements have been made for a "through inspection of Boilers or Pressure Plants the Insured shall cause the Boiler or Pressure Plant to be stopped emptied and properly cleaned inside and outside rendered accessible in every part so far as its construction will allow.

(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 conditions whereby the risk of loss or damage increases
- (iv) Changes in the Insured's interest (such as discontinuation or liquidation of the business or being placed in receivership)

taking place this Policy shall be void unless its continuance be agreed by endorsement signed by the Company.

10. 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 minimise 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 claim 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. 2500 provided that the carrying out of such repair 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.

11. OTHER INSURANCE

If at the time of 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 rateable proportion of such loss damage or liability.

12. 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 the 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.

13. TRANSFER OF INTEREST

The Insurance granted by this Policy shall cease to attach to any item 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.

14. 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. This Insurance may also at any time be terminated at the option of the Company on notice to that effect being given to the Insured in which case the Company shall be liable to repay on the demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

15. RESOURCE

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.

16. ARBITRATION

If any difference shall arise 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 two calendar months after having been required in writing so to do 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 entering upon 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 Company.

It is clearly agreed and understood that no difference or dispute shall be referable to arbitration as before herein provided if the Company has disputed or not accepted liability under or in respect of this Policy.

It is hereby expressly stipulated and declared that it shall be condition precedent to any right of action or suit upon this Policy that the award by such arbitrator arbitrators or umpire of the amount of the loss or damage shall be first obtained.

It is also hereby further expressly agreed and declared that if the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within 3 calendar months from the date of such disclaimer have been made the subject matter of a suit in a court of law then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.