

## Introduction:

The new product, “**Contractual Liability Insurance**” has been designed for business organisations or entities that enter into a Contractual Agreement with other parties, as a mandatory aspect for the underlying business activities. Our Company has witnessed demand for liability policies that cover such contracts covering breach of performance or service guarantees and compensates for financial losses or damages incurred by such businesses or organizations.

### **Who can avail “Contractual Liability Insurance Policy”?**

A business organisation / entity entering into various contracts with other organizations or end customers can avail this Policy. These contracts can either be related to a product that is manufactured by them or a service that they are providing. Examples are OEMs, Retail Outlets, Insurtech, Banks, NBFC etc.

### **What is the coverage under the policy?**

This Policy intends to cover any financial loss arising from covered risk/event which is an insurable incidence, condition or risk as specified in the underlying contract, which will form part of the Policy Schedule.

### **What are the exclusions under the policy?**

Following shall be excluded under the **Policy** unless specifically covered and mentioned in the Policy Schedule.

1. The **Policy** will not cover Contracts which are:
  - a. Verbal or Oral
  - b. Unconditional or Deemed
2. No claim shall be made for contracts that cannot be quantified, measured, or assessed.
3. Any Unexplained Loss/Damage/Disappearance of the Product covered in the Contract.
4. Any liability arising due to unlawful act or illegal activities including criminal acts or intentional or fraudulent act by **You** or **Your** representative/employee or **Contracting Party** including Family member, domestic help, employee or staff member of **Contracting Party**.
5. Liability arising due to misuse, reckless, abusive, willful or intentional conduct associated with handling and use of the Product covered in the Contract.
6. Any obligation, commitment, or act that **Contracting Party** has not performed that he was supposed to perform as per the Contract terms.
7. Any liability arising due to decision or action or omission of **Your** employee/s including Director and **company** managers.
8. Any latent / inherent defect or Recall Campaign in the event of mass failure of the Products covered or any use other than in accordance with manufacturer’s recommendation or use of any accessory which has not been approved by the manufacturer with the covered Product.
9. Any Pre-existing conditions in relation to damages or cosmetic loss or damage including but not limited to peeling of paint, scratches and dents that do not otherwise affect the functionality of the covered item.



10. Any product where identification could not be established at the time of claim as Identification Number has been altered, defaced or removed, except where product identification details could not be established due to damage by fire.
11. Any product that has been modified to alter its functionality or capability without the written permission of manufacturer
12. Asbestos: This **Policy** does not cover any claim connected in any way with asbestos, or with any product or material containing asbestos.
13. Explosives: This **Policy** does not cover claim connected in any way with blasting operations or the handling or use of explosives.
14. Radioactive Contamination: This **Policy** does not cover claim directly or indirectly caused by, or contributed to, or arising from:
  - a. ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion or fission of nuclear fuel; or
  - b. radio-active toxic explosive or other hazardous properties of any nuclear assembly or nuclear component thereof.
15. War: This **Policy** does not cover claim for any consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.
16. Professional Advice: This **Policy** does not cover claim arising out of **Your** giving or failing to give any professional advice inconsideration for a fee nor does it cover claim arising out of any error or omission in any such advice.
17. Specification, Formula or Design: This **Policy** does not cover claim arising directly or indirectly out of:
  - a. any design, plan, specification, formula or pattern that **You** provide for a fee; or
  - b. any error or omission associated with any such design, plan, specification, formula or pattern;
18. Legal Liability This **Policy** does not cover any claim unless:
  - a. **You** have expressly assumed it in Contract;
  - b. the claim would not have attached in the absence of that Contract; and
  - c. agreed by Us and mentioned in the Policy Schedule.
19. Penalties and Damages: This **Policy** does not cover claim for any:
  - a. aggravated or exemplary damages irrespective of whether agreed in the Contract and/or that may be awarded by any Court of Law;
  - b. any fine; or
  - c. any liquidated damages or other penalty imposed under the terms of Contract, or any warranty or agreement.
20. Pollution: This **Policy** does not cover claim arising directly or indirectly out of the discharge, dispersal, release, escape, removal, nullification, cleaning up or any measures taken to prevent escape of any Pollutant; or  
However, this exclusion does not apply where the discharge, dispersal, release or escape results from a sudden identifiable event:
  - a. that **You** neither expected nor intended; and
  - b. that took place in its entirety at a specific time and place.'Pollutant' means any solid, liquid, gaseous, biological or thermal irritant or contaminant,

including but not limited to dust, smoke, vapor, soot, fumes, chemicals, organisms or waste. ‘Waste’ includes but is not limited to any material destined to be recycled, reconditioned or reclaimed.

21. Breach of Contract: This **Policy** does not cover breach of Contract where
- liability is incurred through **Your** failure to arrange or maintain an insurance required by any law or statute; or
  - liability arising on account of violation of any legal and/or regulatory provision; or
  - any liability that would have been recoverable from another party but for **Your** release, waiver or limitation of that liability. However, this exclusion does not apply to any such waiver or limitation that is required by Contract.
22. Consequential Loss: This **Policy** does not cover claim arising as a consequence of “illness” and/or Injury” and/ or “Property Loss” and/or “financial loss” indemnifiable under this policy.
23. Design, Material and Workmanship: This **Policy** does not cover liability arising due to:
- any component part or individual item of property which is the subject of the Contract and which is defective in design, plan, specification materials or workmanship; or
  - such property lost or damage to enable replacement, repair or rectification of the otherwise undamaged property excluded by (a). above.
- Note: Clause (a) above shall not apply to other parts or items of property which are the subject of the Contract and which are free from defect but are damaged in consequence thereof. For the purpose of the **Policy** and not merely this exclusion, property which is the subject of the Contract shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plan, specification, materials or workmanship in the property or any part thereof.
24. **Injury** to Employees: This **Policy** does not cover-
- liability for **Injury** to any Employee arising directly or indirectly out of the **Insured’s** employment: or
  - any claim arising under Employee’s compensation legislation or under any industrial award or agreement or determination; or
  - any claim that is or would be within the scope of any insurance cover mandated under any applicable law/regulation, irrespective of whether such insurance cover was maintained or not; or
  - any claim connected with an Employee’s contract of employment.
25. Cyber Loss: This **Policy** does not cover any liability assumed by **You** from Cyber Loss caused by or arising from **Your** Internet Operations. ‘

Internet Operations’ means any of the following:

- the use of any electronic mail system by **You** or by anyone else at **Your** order or with **Your** consent; or
- access through **Your** network to the World Wide Web or a public Internet site by **You** or by anyone else at **Your** order or with **Your** consent; or
- access to **Your** internal **Company** information and computing resources that is made available through the World Wide Web; or
- the operation and maintenance of **Your** web site.

Cyber Loss means any loss, damage, liability, expense, fines or penalties or any other amount directly or indirectly caused by:

- the use or operation of any Computer System or Computer Network;



- b. the reduction in or loss of ability to use or operate any Computer System, Computer Network or Data;
- c. access to, processing, transmission, storage or use of any Data;
- d. inability to access, process, transmit, store or use any Data;
- e. any threat of or any hoax relating to (a) to (d) above;
- f. any error or omission or accident in respect of any Computer System, Computer Network or Data.

Computer System means any computer, hardware, software, application, process, code, programme, information technology, communications system or electronic device owned or operated by the **Insured** or any other party. This includes any similar system and any associated input, output or data storage device or system, networking equipment or back up facility.

Computer Network means a group of Computer Systems and other electronic devices or network facilities connected via a form of communications technology, including the internet, intranet and virtual private networks (VPN), allowing the networked computing devices to exchange Data.

Data means information used, accessed, processed, transmitted or stored by a Computer System.

- 26. Willful Act: Loss or damage caused by or arising out of willful act of Yourself or any person acting on **Your** behalf or **Contracting Party** including circumstances, facts or matters that **You** are or ought to be reasonably aware prior to the commencement of this Contract.
- 27. Any loss deemed contrary to public policy or which is uninsurable under Indian Law.
- 28. Any loss arising out of act of Terrorism.
- 29. Communicable Disease Exclusion

Notwithstanding any other provision, clause or term of this Policy to the contrary, this policy does not cover any claim, loss, liability, damage, cost or expense of any kind relating to, whether directly or indirectly and/or in whole or in part, a Communicable Disease and/or any fear or threat thereof (whether actual or perceived).

For avoidance of doubt: (1) no other prior, concurrent or subsequent provision, clause, term or exception of this policy (including (but not limited to) any prior, concurrent or subsequent endorsement and/or any provision, clause, term or exception that operates, or is intended to operate, to extend the coverage of, or protections provided by, this policy; (2) any change in the law clause or similar provision; (3) any follow the fortunes clause or similar provision; and/or, (4) no change in the law or any regulation (to the extent permitted by applicable law), shall operate to provide any insurance, coverage or protection under this policy that would otherwise be excluded through the exclusion set forth in this clause.

If the Insurer alleges that by reason of this clause, any amount is not covered by this Policy, the burden of proving the contrary shall rest in the **Insured**.

N.M.A. 2915

Communicable Disease means any: infectious disease; contagious disease; communicable disease; and/or, any infectious, contagious or communicable substance (including (but not limited to) a virus, bacterium, parasite or organism or any mutation of any such things, whether living or not), regardless of the method of transmission (including (but not limited to) whether direct or indirect airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas) that causes, can cause or threatens: damage to human health; damage to human welfare; and/or, damage, deterioration, loss of value, marketability or loss of use to tangible or intangible property. For the avoidance of doubt Communicable Disease includes (but is not



limited to) corona virus disease 2019 (COVID-19) and any mutation or variation thereof.

relating to' means: relating to; in connection with; arising under; arising out of; as a result of; as a consequence of; attributable to; contributed to by; and any other term commonly used and/or understood to reflect or describe a nexus and/or connection from one thing to another whether direct or indirect.

#### **What is the duration of the policy?**

The duration of the Policy shall be as per the terms and conditions specified in the underlying contract. However, short period policies may be issued only for specific valid reasons such as follows:

1. Coinciding with the financial year or the date of renewal of other policies of the insured
2. Seasonal nature of business of the insured where Short period policies are required
3. Any other valid reason of the insured which is agreed by us

#### **What is the procedure for cancellation of the policy?**

1. Your Policy may be cancelled by you at any time by giving fifteen (15) days' notice to Us in writing. The cancellation will take effect from the date We receive Your notice. Premium refund will be as per the Policy terms agreed between You and Us.
2. Your Policy may be cancelled by Us at any time by giving fifteen (15) days' notice to You in writing on the grounds of misrepresentation, fraud, on-disclosure of material facts or non-co-operation. The Policy will be cancelled without any refund in premium.

Your Policy will automatically be cancelled from the time Your business becomes insolvent or is wound up or is permanently discontinued or a liquidator, administrator, receiver, manager and / or trustee in bankruptcy is appointed to You or any of Your assets.

No refund of premium shall be due if the Insured has made a Claim under this Policy.

#### **What is the Claims Procedure?**

- Claim can be intimated by insured to any of Our offices or call centers at 1860-258-0000 / 1860-425-0000.
- The company will assign a surveyor to investigate the claim and estimate the damage.  
**Documents to establish cause, extent, and adjustment of loss as per policy terms will be required to be submitted. In General, the following documents are required:**
  - ✓ Claim form
  - ✓ Detailed note on the event leading to the loss, Any Legal notice / summon received from the aggrieved party,
  - ✓ Defense initiated from your end, if so what are the grounds, Post Mortem Report in case of Death Claim,
  - ✓ Disability certificate in case of Disability claims,
  - ✓ CKYC documents PAN, ROC certificate, Aadhaar, GST Registration Certificate Etc.
  - ✓ Any other Document directly related to and based on nature of claim.

All amounts expended by the Company in the defense settlement or payment of any claim will reduce the limits of indemnity specified in the Schedule of the Policy.

The Court decides the liability amount and the same will be settled by the Insurance Company.

### ***This Prospectus***

This prospectus serves as a general guideline. Please refer to the policy document for the complete range of exclusions, terms and conditions and other details of covers. You can visit our website [www.royalsundaram.in](http://www.royalsundaram.in) for more details.

**Insurance is the subject matter of solicitation.**

#### **Section 41 in the Insurance Act, 1938**

##### **41. Prohibition of rebates**

(1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer: Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a bona fide insurance agent employed by the insurer.

(2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.