



INSURANS ISLAM TAIB GENERAL TAKAFUL

DETERIORATION OF STOCK TAKAFUL SCHEME

DETERIORATION OF STOCK CERTIFICATE WORDING

WHEREAS the Participant named in the Schedule hereto has submitted to Insurans Islam TAIB General Takaful Sendirian Berhad (hereinafter called "IITGT") a written proposal by completing a questionnaire which together with any other written statements by the Participant for the purpose of this Certificate, is deemed incorporated herein.

NOW THIS CERTIFICATE OF TAKAFUL WITNESSETH that subject to the Participant having paid to IITGT the Takaful contribution as mentioned in the Schedule, which is further subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon.

IITGT and the Participant hereby agrees that if at any time during the period of Takaful stated in the Schedule, or during any subsequent period for which the Participant pays and IITGT accepts the Takaful contribution for the renewal of this Certificate, the goods specified in the Schedule suffer loss or damage caused by deterioration due to any unforeseen and sudden physical loss of or damage to the machinery specified in the list of machinery attached to the questionnaire and proposal of this Certificate, and are indemnifiable under the Machinery All Risk Takaful Scheme. IITGT will indemnify the Participant for such deterioration up to an amount specified in the Schedule for the period of one (1) year.

EXCLUSION

IITGT shall not be liable for:-

1. The deductible stated in the Schedule which shall be borne by the Participant in any one occurrence;
2. Any loss of the goods stored in the refrigerating chambers arising during the no-claims period indicated by the Participant in the Schedule due to any deviation from the prescribed refrigerating temperature, unless such deterioration is caused by contamination as a result of escaping refrigerant or by accidental freezing of the goods or unless fresh goods which have not yet reached the prescribed refrigerating temperature are hereby affected, the no-claims period being defined as the time period immediately following cessation of cooling during which, with storage room left sealed, no deterioration would take place;
3. Any unlawful act(s) and other causes prohibited by the law and/or Syariah.
4. Any loss of the goods stored arising as a result of shrinkage, inherent defects or diseases, natural deterioration or natural putrefaction;
5. Any loss arising from improper storage, damage to packing material, insufficient circulation of air, non-uniformity of temperature;
6. Any loss caused by temporary repair of the refrigeration machinery specified in the Proposal Form and Schedule which is carried out without IITGT's consent;
7. Penalties for delay, consequential loss or damage or liability of any nature whatsoever;
8. Loss or damage directly or indirectly caused by, or arising out of, or aggravated by:
 - a) War, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, riot, strike, lock-out, civil commotion, military or usurped power, a group of malicious persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction or damage by order of any government de jure or de facto or by any public authority;
 - b) Nuclear reaction, nuclear radiation or radioactive contamination;
 - c) The willful act or willful negligence of the Participant or his representatives;
 - d) Fire, direct lightning, chemical explosion, extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, thefts or attempts thereat, collapse of buildings, flood, inundation, earthquake, subsidence, landslide, avalanche, hurricane, cyclone, volcanic eruption or other natural catastrophes.

In any action, suit or other proceeding where IITGT alleges that by reason of the provisions of Exception 7 a) above, any loss, destruction or damage is not covered by this Certificate, the burden of proving that such loss, destruction or damage is covered shall be upon the Participant.

9. Asbestos Exclusion any actual or alleged liability whatsoever for any claim or claims in respect of losses directly or indirectly arising out of, resulting from, in consequence of, contributed to or aggravated by asbestos in whatever form or quantity.
10. Any loss or damage, cost, liability or obligation, actual or alleged, directly or indirectly arising from Electro Magnetic Radiation. Electro Magnetic Radiation shall include but is not limited to magnetic energy, waves, fields or forces generated, produced, distributed, transmitted or maintained by charges, currents, frequencies energy or forces of electricity.
11. Notwithstanding any provision to the contrary within this Takaful or any endorsement thereto it is agreed that this Takaful 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 organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

SPECIAL CONDITIONS

This Certificate shall only apply if:

1. The refrigeration machinery specified in the list of machinery attached to the questionnaire and proposal of this Certificate is covered under a machinery breakdown Certificate in force;
2. The covered refrigeration machinery specified in the aforesaid list of a machinery is under constant supervision by qualified personnel or is connected to an automatic alarm system in a constantly attended location;
3. The stock is not stored in “controlled atmosphere” chambers;
4. At the time of the loss or damage the goods are stored in the refrigerating chambers;
5. The Participant maintains on a daily basis a stock book in which the type, quantity and value of the goods stored and the beginning and the end of the storage period are entered for each refrigerating chamber separately;
6. During the entire period of storage, the Participant records in a log-book the condition of the covered goods and at least three (3) temperature readings per day from each refrigerating chamber, the accuracy of the temperature readings being checked by means of a calibrated, independent reference thermometer at least every fourteen (14) calendar days.

PROVISION

Memo 1 – Sum Covered

It shall be a requirement of this Certificate that the sum covered is equal to the estimated maximum selling price obtainable for the stored goods during the period of this Certificate, such maximum selling price being indicated in the Schedule submitted by the Participant prior to the commencement of Takaful. The Participant shall be obliged to furnish IITGT not later than ten (10) calendar days after the closing of each month either with copies of the aforesaid stock book or with a duly completed declaration showing the average quantity and value per day of the goods stored during the preceding month (monthly declaration).

The monthly declaration shall be based on the selling price obtainable for the goods. Stock book copies and monthly declarations shall be regarded as forming an integral part of this Certificate.

The sum covered shall be reduced by any indemnity paid under this Certificate for the remaining Certificate period unless it has been reinstated by payment of an additional Takaful contribution on a pro-rata basis. This additional Takaful contribution shall not be taken into account in the final adjustment of Takaful contribution as provided for in Memo 2.

Memo 2 - Contribution

The first Takaful contribution shall be due on receipt of this Certificate, and all renewal Takaful contributions at the commencement of each new period of Takaful. Taxes, fees and any other charges shown in this Certificate or in the Takaful contribution bill shall be paid with the Takaful contribution.

The Takaful contribution payable at the commencement of any one (1) year of Takaful shall be a deposit based on 75% of the sum covered as specified in the Schedule and shall be subject to an adjustment at the end of each year of Takaful in accordance with the stock book copies or the monthly declarations submitted to IITGT.

Should it be found on the basis of such information that at the end of any year of Takaful the deposit Takaful contribution paid was too high, the Takaful contribution adjustment shall be made subject to the total Contribution payable by the Participant being not less than 50% of the full Takaful contribution based on the sum covered stated in the Schedule. Failure on the part of the Participant to submit stock book copies or monthly declarations shall entitle IITGT to apply the maximum sum covered as stated in the Schedule for Takaful contribution calculation. Any difference in Takaful contribution so determined, whether due to or by the Participant, shall be settled within one (1) month of the dispatch of the statement showing the Takaful contribution adjustment.

Memo 3 – Basis of Indemnity

All claims shall be settled on the basis of the value stated in the monthly declaration immediately prior to the occurrence of the loss or the selling price which would have been obtainable, whichever is the lower. When determining the indemnity, IITGT shall take into consideration all circumstances which may influence the amount of indemnity, such as proceeds from a sale of the goods as well as storage costs saved due to the termination of the storage.

If after the occurrence of a partial loss, it is found that the last monthly declaration prior to the loss is less than the amount that ought to have been declared, then the amount which would have been recoverable by the Participant shall be reduced in such proportion as the amount of the said last monthly declaration bears to the amount that ought to have been declared.

GENERAL CONDITIONS

1. THE CONTRACT

The Schedule, questionnaire and proposal shall be deemed to be incorporated in and form part of this Certificate and the expression "this Certificate", wherever used in this contract, shall be read as one contract. Any word or expression to which a specific meaning has been attached in any part of this Certificate, of the Schedule or of the questionnaire and proposal shall bear such meaning wherever it may appear.

2. NOTICES

Every notice or communication to be given or made under this Certificate shall be in writing and shall be sent by registered post to or delivery by hand at IITGT's Head Office.

3. CONDITION PRECEDENT TO LIABILITY

The due observance and fulfilment of the terms of this Certificate, in so far as they relate to anything to be done or complied with by the Participant, and the truth of the statements and answers in the questionnaire, proposal and monthly declarations made by the Participant shall be a condition precedent to any liability of IITGT to make any payment under this Takaful Certificate.

4. COMPLIANCE

The Participant shall at his own expense take all reasonable precautions and comply with IITGT's reasonable recommendations to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.

5. CONTRIBUTION WARRANTY

It is fundamental and absolute special condition of this contract of Takaful that the Takaful contribution due must be paid and received by IITGT within thirty (30) calendar days from the inception date of the Certificate. If this condition is not complied with, then this contract of Takaful is automatically cancelled and IITGT shall be entitled to the pro rata contribution on the period they have been on risk.

6. MATERIAL CHANGE

- a) Representatives of IITGT shall at any reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of IITGT with all details and information necessary for the assessment of the risk.
- b) The Participant shall immediately notify IITGT in writing of any material change in the risk and cause at his own expense and such additional precautions to be taken as circumstances may require to ensure safe operation of the covered items, and the scope of cover and/or Takaful contribution shall, if necessary, be adjusted accordingly. No material alteration shall be made or admitted by the Participant whereby the risk is increased, unless the continuance of the cover provided under this Certificate is confirmed in writing by IITGT.

7. CLAIMS NOTIFICATION

In the event of any occurrence which might give rise to a claim under this Certificate, the Participant shall:

- a) Within fourteen (14) calendar days give notice or notify IITGT in writing, giving an indication as to the nature and extent of the loss or damage.
- b) Take all steps within his power to minimise the extent of the loss or damage.
- c) Preserve the parts affected and make them available for inspection by a representative or surveyor of IITGT.
- d) Furnish all such information and documentary evidence as IITGT may require.
- e) Inform the police immediately (not more than 24 hours) in the case of loss or damage known due to burglary.

IITGT shall on no account be liable for loss or damage of which no notice has been received by IITGT within fourteen (14) calendar days of its occurrence. Upon notification being given to IITGT under this condition, the Participant may carry out repairs of or make good any minor damage; in all other cases, a representative of

IITGT shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of IITGT does not carry out the inspection within a period of time which could be considered adequate under the circumstances, the Participant shall be entitled to proceed with the repairs or replacement.

8. SUBROGATION OF RIGHTS

The Participant shall at the expense of IITGT do and concur in doing and permit to be done all such acts and things as may be necessary or required by IITGT in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those covered under this Certificate) to which IITGT are or would become entitled or which is or would be subrogated to them upon their paying for or making good any loss or damage under this Certificate, whether such acts and things are or become necessary or required before or after the Participant's indemnification by IITGT.

9. FRAUDULENT CLAIMS

- a) If the proposal or declaration of the Participant is untrue in any material respect, or if any claim made is fraudulent or substantially exaggerated, or if any false declaration or statement is made in support thereof, then this Certificate shall be void and IITGT shall not be liable to make any payment hereunder.
- b) In the event of IITGT disclaiming liability in respect of any claim and if an action or suit is not commenced within three (3) months after such disclaimer or (in the case of arbitration taking place in pursuance of General Condition 14 of this Certificate) within three (3) months after the arbitrators or umpire have made their award, all benefit under this Certificate in respect of such claim shall be forfeited.

10. RATEABLE PROPORTION AND AVERAGE

- a) If at the time any claim arising under this Certificate there is any other Takaful or insurance covering the same loss or damage, whether effected by the Participant or not, IITGT shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.
- b) If the covered item at the time of loss or damage be collectively of greater value than the sum covered thereon, then the Participant shall be considered as being his own insurer for the differences, and shall bear a rateable proportion of the loss accordingly. Every item, if more than one in this Certificate shall be valued separately subject to these conditions.
- c) In the event of loss, IITGT shall maintain in force the sum covered and the Participant shall be liable to pay an additional contribution at the rate agreed for this Certificate calculated on the amount of loss on a pro-rata basis from the date of such loss to the expiry of the current period of Takaful.

11. RIGHTS OF BENEFICIARY

Under Takaful for a third party's account, the Beneficiary shall be entitled to exercise, in his own name, the rights of the Participant. Without obtaining the Participant's approval, the Beneficiary shall further have the right to receive any indemnity paid under this Certificate and to transfer the Participant's rights even if the Beneficiary is not in possession of this Certificate. Upon payment of indemnity, IITGT may require evidence of the Beneficiary having given his consent to the Takaful and of the Participant having given his consent to the receipt of an indemnity by the Beneficiary.

12. PAYMENT OF ACCOUNT

The indemnity shall be payable after determination by IITGT of the full amount due. Notwithstanding the above, the Participant may, one (1) month after IITGT have been duly notified of the loss and have acknowledged their liability, claim as an installment the minimum amount payable under the prevailing circumstances. The running of the periods shall be suspended for the time during which the indemnity is unascertainable or not payable due to reasons within the Participant's control.

13. WITHHOLDING INDEMNIFICATION

IITGT shall be entitled to withhold indemnification if:

- a) There are doubts regarding the Participant's right to receive the indemnity, pending receipt by IITGT of the necessary proof; or
- b) If in connection with the claim, an examination by the police or an inquiry under criminal law has been initiated against the Participant, pending completion of such examination or inquiry.

14. ARBITRATION

The Participant and IITGT shall make every effort to amicably resolve, by direct informal negotiations, any disagreement or disputes arising or relating to this Certificate. If the Participant and IITGT are unable to amicably resolve any disagreement or dispute within thirty (30) business days from the date when the negotiation failed, either party shall notify in writing for the disagreement or dispute be referred for resolution by arbitration in accordance with the provisions of the Brunei Darussalam Arbitration Order, 2009. The arbitration tribunal shall consist of a single arbitrator, such person to be agreed between the Participant and IITGT, or failing agreement, to be nominated in accordance with the Arbitration Order, 2009. The applicable rules of arbitration shall be the UNCITRAL Rules of Arbitration. The seat and place of arbitration shall be Brunei Darussalam and the language of arbitration shall be English.

All rights and obligations of the Participant and IITGT under this Certificate shall continue in full force and effect pending the final outcome of such arbitration. Any reference to arbitration under this clause shall be a submission to arbitration within the meaning of the Arbitration Order, 2009 for the time being in force in Brunei Darussalam.

15. ADMISSION OF LIABILITY

No admission, offer, promise, payment or indemnity shall be made or given by or on behalf of the Participant without the written consent of IITGT who shall be entitled, if they so desire, to take over and conduct in the name of the Participant the defence or settlement of any claim for indemnity or damage or otherwise and shall have full discretion in the conduct of any proceedings or in the settlement of any claim and the Participant shall give all such information and assistance as IITGT may require.

16. CANCELLATION

The Participant or IITGT may cancel this Certificate at any time during the period of Takaful.

a) Cancellation by Participant:

- The Participant may cancel this Certificate at any time, by returning the Certificate to IITGT if no claim has occurred or was made during the period of Takaful.
- After returning the Certificate, the Participant will be entitled to a refund of the balance of the Takaful contribution on a pro-rata basis for the period the Certificate was not in force.
- IITGT will not return the *Wakalah* fee to the Participant unless the cancellation was made by the Participant due to unforeseen circumstances* and subject to IITGT's discretion and approval, which shall not be unreasonably withheld. In such event, no cancellation fee will be imposed on the Participant who makes the cancellation.

b) Cancellation by IITGT:

- IITGT may also cancel this Certificate by giving the Participant fourteen (14) calendar days' notice by registered letter to the Participant at his last known address.
- Participant will be entitled to a pro-rata refund of the Takaful contribution for the remaining period calculated on a pro-rata basis fourteen (14) calendar days from the date of the notice to the expiry date of the Certificate.
- IITGT will return the *Wakalah* fee to the Participant on a pro-rata basis for the period the Takaful was not in force.

***Note:** "Unforeseen circumstances" means event of death, insanity (as certified by Qualified Medical Practitioner) and bankruptcy declared by the courts of Brunei Darussalam.

17. TABARRU'

Tabarru' is an agreement by a Participant to relinquish as donation, a sum of contribution that he or she agrees to pay into a Takaful fund. Participants give sixty-five per cent (65%) of their contributions as *Tabarru'* with the purpose of providing mutual indemnity to Takaful Participants, where the *Tabarru'* acts as mutual help and joint guarantee should any fellow Participants suffer from a defined loss.

18. WAKALAH

Wakalah refers to a contract in which a party as principal (Muwakkil) authorizes another party as his or her agent (Wakil) to perform a particular task, in matters that may be delegated, either voluntary or with imposition of a fee.

The Participant will make contribution to the Takaful fund as *Tabarru'*. Then all the Participants in a group will appoint or authorize IITGT as their agent (Wakil) to manage the Takaful fund for the purpose of executing Takaful activities such as underwriting, risk management and claims management. In this *Wakalah* arrangement, IITGT will charge a fee of thirty-five per cent (35%) from the contribution that has been determined and agreed upon in the proposal form.

Wakalah fee will not be returned to the Participant upon cancellation or surrender.

19. DISTRIBUTION OF SURPLUS

The surplus will be determined at the end of financial period and the surplus (if any) from the Takaful fund will be allocated to Participants' Fund and IITGT with the proportion of seventy per cent (70%) to the Participants' Fund and thirty per cent (30%) to IITGT. The surplus in the Participants' Fund will then be declared and distributed to the eligible Participants. Based on *Ju'alah* concept, IITGT is entitled for the surplus distribution from the Takaful Fund as fee for the good performance of IITGT in managing the Takaful fund. For the Participants who have incurred claims or received benefit, their portion of surplus will not be distributed back to them and shall be credited back as *Tabarru'* to the Takaful fund. For the Participants who have surrendered their Certificate before financial year end, they are entitled for the surplus. The surplus will be calculated based on their contribution and participation period in the Takaful fund.

20. TREATMENT OF SMALL PAYMENT AMOUNT

For any amount due and payable to the Participants from refund/surrender/maturity/termination/claim that is B\$5.00 and below, IITGT will donate to charity which will be utilized as '*amal jariah*' on behalf of the Participants.

21. MISCELLANEOUS

If these terms and conditions in this Certificate are translated into different languages (other than English) and there are inconsistencies or conflict between the English language version and any of the translation, the English version shall prevail.