

BOAT BUILDING TAKAFUL

WHEREAS the Participant by an application and declaration which shall be the basis of this contract and is deemed to be incorporated herein has applied to the Takaful Operator for the Takaful hereinafter contained and with the payment of Takaful contribution by the Participant stated in the Schedule. The Takaful Operator will manage this Takaful Plan on the terms conditions and benefits as stated in this Certificate. No variations or changes to the terms of this Certificate shall come into force unless effected by an Endorsement.

NOW THIS CERTIFICATE WITNESSETH that in respect of covered event(s) occurring during the Period of Takaful and subject to the limitations exceptions conditions contained herein or endorsed hereon the Takaful Operator will indemnify the Participant in the proportions manner and to the extent hereinafter provided against loss or damage caused by any of the under-mentioned Perils.

THE CONTRIBUTION shall be distributed into two funds, 66% to Participant Risk Fund (PRF) as TABARRU (donation) and remaining 34% to Operator Fund as WAKALAH FEE (non-refundable). Takaful Operator's operational expenses shall be managed from WAKALAH FEE. And Underwriting Expenses (Claims & Re-Takaful) & Reserve shall be managed from the PRF.

THE MONEY in the Participants Risk Fund (PRF) shall be invested by the Takaful Operator, if the return rate from the investment exceeds 1.2%, the additional return or excess shall be retained and credited to the Takaful Operator under the principle of PERFORMANCE FEE (JUA'LAH).

IN THE EVENT of insufficient balance in the PRF to pay for the Takaful claims during the Period of Takaful the Takaful Operator shall make good the balance in the PRF under the principle of QARDHUL HASSAN (benevolent loan) provided that the insufficiency is not due to the Takaful Operator's negligence. If the insufficiency is due to the Takaful Operator's negligence the Takaful Operator will make an outright transfer for the insufficiency under the principle of WAKALAH (agent). It is further agreed that any future surplus arising from the PRF can be used to repay for the outstanding QARDHUL HASSAN in the PRF (if any) to the Takaful Operator.

IMPORTANT POINTS

This Certificate Wording should be read carefully. It gives full details of what is and is not covered and the conditions and exclusions of the cover. Failure to comply with them will prejudice a participant's claim.

UNDERTAKING TO DONATION

The contribution made by the participant shall donate to the Participant Risk fund gradually by retaining a certain amount as per provided table by the Takaful Operator. The fund set aside shall be treated as an undertaking to make donations in future.

| Duration | Retention of Contribution (% of Total contribution to PRF) |
|--------------------|--|
| 0-30 days | 66% |
| 31-90 days | 46% |
| 91-150 days | 36% |
| 151-240 days | 26% |
| Exceeding 240 days | 0% |

PERILS COVERED

Fire; Lightning; Explosion; Riot and Strike; Malicious damage; Aircraft or articles dropped there from; Bursting or overflowing of water tanks, apparatus or pipes; Impact by road vehicles; Earthquake, Volcanic Eruption, Hurricane, Waves, Tsunami, Cyclone, Typhoon, Windstorm and Flood arising therefrom; Flood arising from other causes; Theft by forcible and violent entry or exit; Loss or damage to the property or vessel in the course of launching.

CONDITIONS

This Contract and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Contract or of the Schedule shall bear such specific meaning wherever it may appear

1. If there be any material misdescription of any of the property hereby covered, or of any building or place in which such property is contained, or any misrepresentation as to any fact material to be known for estimating the risk, or any omission to state such fact, the Takaful Operator shall not be liable upon this Certificate so far as it relates to property affected by any such misdescription, misrepresentation or omission.
2. The Participant shall give notice to the Takaful Operator of any Insurance/Takaful or Insurance/Takaful already effected, or which may subsequently be effected, covering any of the property hereby covered, and unless such notice be given and the particulars of such insurance/Takaful or insurances/Takaful be stated in or endorsed on this certificate by or on behalf of the Takaful Operator before the

occurrence of any loss or damage, all benefit under this certificate shall be forfeited.

3. **Exclusions:** This Takaful does not cover: -

- (a) Loss by theft during or after the occurrence of a peril covered herewith
- (b) Loss or damage to property occasioned by its own fermentation, natural heating or spontaneous combustion, or by its undergoing any heating or drying process.
- (c) Loss or damage occasioned by or through or in consequence of
 - (1) The burning of property by order of any public authority.
 - (2) Subterranean Fire.
- (d) Loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by nuclear weapons material.
- (e) This Takaful does not cover loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purposes of this Condition 5 (ii) only combustion shall include any self-sustaining process of nuclear fission.
- (f) Tools and machineries used for construction; Faulty design or works; Goods held in trust or commission; Property outside builder's yard; Consequential losses of any kind; Loss by delay.
Terrorism; Nuclear and radioactive risks; War
- (g) Manuscripts, plans, drawings, or designs, patterns, models or moulds.
- (h) Securities, obligations, or documents of any kind, stamps, coined or paper money, cheques, books of account, other business books or computer systems records.
- (i) Coal, against loss or damage occasioned by its own spontaneous combustion.
- (j) Explosives.
- (k) This Takaful does not cover any loss or damage to property which, at the time of the happening of such loss or damage, is covered by or would, but for the existence of this Certificate be covered by any Marine Certificate or Certificates, except in respect of any excess beyond the amount which would have been payable under the Marine Certificate or Certificates had this Takaful not been effected.

4. **Cancellation:**

This certificate may be cancelled by the Participant by serving at least fifteen (15) days' notice to Ayady Takaful, such notice to state when thereafter cancellation shall become effective. In such event, provided no claim has been made during the current certificate year, the Participant shall be entitled for a return of the Takaful Contribution calculated on below mentioned short-period basis in proportion to the period of the Takaful has been in force.

| SHORT TERM TABLE | |
|--------------------|---------------------|
| PERIOD | CONTRIBUTION REFUND |
| 0-30 days | 66% |
| 31-90 days | 46% |
| 91-150 days | 36% |
| 151-240 days | 26% |
| Exceeding 240 days | 0% |

This certificate may be also cancelled by Ayady Takaful by sending seven days' notice by registered letter to the Participant at the participant's last known address, in which case Ayady Takaful shall be liable to repay on demand a rate-able proportion of the contribution for the unexpired term from the date of cancellation.

5. **Share of Net Surplus**

If at the end of the financial year, there is a net surplus in the Participant Risk Fund (PRF), the Takaful Operator may in its sole discretion share any amount which it may decide from the net surplus in the Participant Risk Fund (PRF) among the Participants provided always that the Participant has not incurred any claim and/or not received any benefits under this certificate whilst it in force. Furthermore, the participant will get share of surplus for the active day(s) of the certificate, falling into the year for which surplus is being calculated and the surplus share must be minimum MVR 100.

6. On the happening of any loss or damage the Participant shall forthwith give notice thereof to the Takaful Operator and shall within 15 days after the loss or damage or such further time as the Takaful Operator may in writing allow in that behalf, deliver to the Takaful Operator

- (a) A claim in writing for the loss and damage containing as particular an account as may be reasonably practicable of all the several articles or items of property damaged or destroyed and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage, not including profit of any kind.
- (b) Particulars of all other insurances/Takaful, if any.

The Participant shall also 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 fire and the circumstances under which the loss or 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 a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith

No claim under this certificate shall be payable unless the terms of this condition have been complied with.

7. On the happening of any loss or damage to any of the property covered by this certificate, the Takaful Operator may:

- (a) Enter and take and keep possession of the property covered or premises where the loss or damage has happened
- (b) Take possession of or require to be delivered to it any property of the Participant in the building or on the premises at the time of the loss

or damage.

- (c) Keep possession of any such property and examine, sort, arrange, remove, or otherwise deal with the same.
- (d) Sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this Condition shall be exercisable by the Takaful Operator at any time until notice in writing is given by the Participant that he makes no claim under the certificate or, if any claim is made, until such claim is finally determined or withdrawn, and the Takaful Operator shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Participant or diminish its right to rely upon any of the conditions of this certificate in answer to any claim. If the Participant or any person on his behalf shall not comply with the requirements of the Takaful Operator or shall hinder or obstruct the Takaful Operator in the exercise of its powers hereunder, all benefit under this certificate shall be forfeited.

The Participant shall not in any case be entitled to abandon any property to the Takaful Operator whether taken possession of by the Takaful Operator or not.

8. If the claim be in any respect fraudulent, or If any false declaration be made or used in support thereof, or if any fraudulent means or devices are used by the Participant or any one acting on his behalf to obtain any benefit under this certificate; or, if the loss or damage be occasioned by the willful act, or with the connivance of the Participant; or, if the claim be made and rejected and an action or suit be not commenced within three months after such rejection, all benefit under this certificate shall be forfeited.
9. The Takaful Operator may at its option reinstate or replace the property damaged or destroyed, or any part thereof, instead of paying the amount of the loss or damage, or may join with any other Takaful Operator or Insurers in so doing, but the Takaful Operator shall not be bound to reinstate 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 reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage, nor more than the sum covered by the Takaful Operator thereon.
If the Takaful Operator so elect to reinstate or replace any property the Participant 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 reinstatement or replacement shall be deemed an election by the Takaful Operator to reinstate or replace.
If in any case the Takaful Operator shall be unable to reinstate or repair the property hereby covered, 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 sum as would be requisite to reinstate or repair such property if the same could lawfully be reinstated to its former condition.
10. The Participant shall, at the expense of the Takaful Operator, do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Takaful Operator for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Takaful Operator shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this certificate, whether such acts and things shall be or become necessary or required before or after his indemnification by the Takaful Operator.
11. If at the time of any loss or damage happening to any property hereby covered, there be any other subsisting insurance/Takaful or insurances/Takafuls, whether effected by the Participant or by any other person or persons, covering the same property, this Takaful Operator shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.
12. If the property hereby covered shall, at the breaking out of any fire, be collectively of greater value than the sum covered thereon, then the Participant shall be considered as being his own Insurer for the difference, and shall bear a rateable proportion of the loss accordingly. Every item, if more than one, of the certificate shall be separately subject to this Condition.
13. If any difference shall arise as to the amount to be paid under this certificate (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed in accordance with the statutory provisions in that behalf for the time being in force. 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.
Unless any such action or suit be commenced within six months of the making of an award the Takaful Operator shall not be liable to make any payment in excess of the amount of the award.
14. Every notice and other communication to the Takaful Operator required by these Conditions must be written or printed.

WARRANTIES

WARRANTY No. 1

Unless otherwise expressly stated, this Takaful will cease to exist once the vessel is launched in the sea, lake, river, or any place where water is permanently present.

WARRANTY No. 2

Warranted that during the currency of this certificate no part of the premises described herein be used for the Manufacture or deposit or storage of merchandise.

WARRANTY No. 3

Warranted that during the currency of this certificate the boat and building covered by this certificate is detached by at least 20 feet on all sides from any other boat or building (excluding small outhouses).