The Saudi Arabian Monetary Authority has issued this Policy according to the Governor’s decision number (441/187) dated 05/08/1441H, based on the powers vested to SAMA by the Cooperative Insurance Companies Control Law promulgated by Royal Decree No. (M/32) dated 02/06/1424H (corresponding to 31/07/2003), and its Implementing Regulation issued by the Decision of the Minister of Finance No. (1/596) dated 01/03/1425H (corresponding to 20/04/2004).
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Preamble

1. This Policy shall specify the minimum coverage of compulsory Insurance on Inherent Defects that may discovered on Premises and constructions after occupation in non-governmental construction projects, in accordance with the terms, conditions and exceptions provided herein or attached hereto. In consideration of the Insured having paid the premium to the Insurer, the Insurer agrees to provide insurance subject to the terms, conditions and exclusions of this Policy, and shall provide coverage up to the amounts and limits detailed in the Schedule, or as amended by Endorsement, as Limits of Indemnity during the Period of Insurance. The Insurer and the Insured may not agree on amending the insurance coverage or terms and conditions than what is set herein unless prior written approval is obtained from SAMA.

2. This Policy and its Schedule, the Proposal Form, Endorsements and the Certificate of Approval shall be read as one document and any word or expression to which a specific meaning or definition has been given shall have such specific meaning wherever it may appear, unless specifically restated purely for the purposes of individual endorsements.
Definitions

2 For the purposes of this Policy, the following definitions shall apply:

1. **Policy**
   The Policy of Inherent Defects Insurance.

2. **Building Contract**
   The contract or contracts for the design and construction of the Premises and the contract’s documents.

3. **Certificate of Approval**
   The Certificate(s) issued by the Technical Inspection Service to the Insurer at the same time as or following practical completion under the Building Contract, and any supplementary certificate issued by the Technical Inspection Service to the Insurer to certify continuing integrity of the Premises in respect of any re-examination in accordance with the Operative Clause.

4. **Occupancy Certificate**
   A permission to occupy the building to be issued by the concerned authority confirming substantial completion of the Premises.

5. **Date of Inception**
   The Date of Inception will be the date shown on the policy schedule.

6. **Total Sum Insured**
   The sum shown in the Schedule representing the full rebuilding costs of the Premises at the Date of Inception and/or adjusted in accordance with Clauses (7) and/or (11) of General Conditions.

7. **Deductible**
   The first amount of any claim, as stated in the Policy Schedule, which remains at the Insured’s own risk and is not payable by the Insurer.
8. **Inherent Defect**
Any defect in the Structural Works or the Envelope weakening the strength and steadiness or stability of the Premises and attributable to a fault, error or omission in design, materials, geological investigation or construction which was undiscovered at the date of issue of the Occupancy Certificate.

9. **Insurer**
The Insurance Company that provides insurance services as per this Policy.

10. **Insured**
The party or parties named in the Schedule, their successors in title and their assignees (subject to Insurer’s agreement in writing) to the extent of their respective rights and interests in the Premises. For the purpose of this Policy, the Contractor shall be the Insured before the start of the Period of Insurance, and the owner of the Premises shall be the Insured during the Period of Insurance as stated in clause (3) of Article (3) of this Policy.

11. **Contractor**
Natural or juristic person licensed to undertake construction works, engaged pursuant to Building Contract, and mandated by the concerned authority to obtain Inherent Defect Insurance.

12. **Damage /Loss**
The cost of reinstatement of physical loss or damage of total or partial collapse, or destruction of Insured Premises caused by an Inherent Defect.

13. **Premises**
The whole and each part of the Works at the address stated in the Schedule and which is the subject of:
   - The Occupancy Certificate.
The Certificate of Approval issued by the Technical Inspection Service attached to and forming an integral part of this Policy.

Comprising:

a. Structural Works
All internal and external load-bearing structures essential to the stability or strength of the Premises including but not limited to foundations, columns, walls, floors, beams.

b. Envelope
All works forming part of external walls and roofing of the Premises but excluding:
1. Moveable elements of external windows, doors, skylights.
2. External cladding unless it is essential for the stability of the building.
3. Equipment, Fixtures and Fittings.

c. Non Structural Works
All non-load bearing parts of the Premises other than those works described in Definition No 13 (b) and 13 (d) including but not limited to floor coverings, ceilings, partitions, internal windows and doors,

d. Equipment, Fixtures and Fittings
All non-loading bearing parts of the Premises other than those works described in Definition No. 13 (c) above as Non Structural Works including but not limited to:
Electrical wiring and connections, all fixtures and fittings, all equipment and fixtures for the collection and distribution of gas, water, heating and ventilation. All permanent mechanical and electrical apparatus including boilers and similar plant included in the Building Contract irrespective of whether such equipment, fixtures and fittings are...
fixed to or incorporated in any part of the Structural Works.

e. **External Works**
All external non-structural works owned by the Insured and the subject to the Building Contract, including but not limited to pavement, cross-over, paved areas, pedestrian and vehicular landscaping and all external drains, sewers, pipes, cables, wires and other service media.

14. **Technical Inspection Service**
The party or parties appointed by the Insurer at the expense of the Insured, to provide such examination of plans, specifications, bills of quantities and other documentation in relation to the Works and such inspections as the Technical Inspection Service and Insurer shall require.

15. **Works**
The works completed under the Building Contract.

16. **Waterproofing**
Part of the Works serving to protect the Premises from the ingress of water of any kind originating externally to the Premises. For the avoidance of doubt, this definition does not extend to any part of the Works serving to protect the Premises against the effects of humidity or condensation.

17. **Policy Schedule**
The Schedule annexed to the Policy containing information required to be imbedded in the Schedule.
Insuring Agreement

1. Operative Clause

The Insurer shall indemnify the Insured against the cost of repairing, replacing and/or strengthening the Premises following and consequent upon an Inherent Defect which is discovered and is notified to the Insurer during the Period of Insurance and not excluded herein causing any of the following events:

a. Physical damage to the Premises; or
b. The threat of imminent collapse to the Premises, which requires immediate remedial measures for the prevention of an actual collapse within the Period of Insurance.

2. Additional Benefits

In addition to and consequent upon the above indemnity, and in connection with events (a) or (b) described above in (1) of this Article, the Insurer will indemnify:

a. The cost of demolishing the Premises and/or the removal of debris from the Premises incurred by the Insured up to the Limit of Indemnity prescribed in the Schedule.

b. The legal, professional or consultants’ fees incurred by the Insured up to the Limit of Indemnity prescribed in the Schedule. The Insurer will not be liable to the Insured for fees incurred for the purpose of preparing a claim under this Policy.

c. The additional costs of repair or replacing and/or strengthening which arise out of alterations in design, use or application of improved materials, improved or altered methods of working or construction incurred solely in compliance with or consequent upon any building or other
regulations under or in pursuance of any related law and regulations. This does not include the costs of complying with such requirements where such requirements have come to the attention of the Insured before the events (a) or (b) described in clause (1) of this Article become manifest, or such costs which relate to undamaged or unaffected parts of the Premises.

3. Period of Insurance

a. The period of Ten years (calculated using the Gregorian Calendar) commencing on the Date of Inception and expiring at midnight on the Date of Expiry as shown in the Schedule, provided that:
   1. The Occupancy Certificate has been issued.
   2. The premiums due have been paid to Insurer in accordance with Premium Payments clause provided in Article (5).
   3. Insurer has received the Certificate of Approval.
   4. Insurer has issued an endorsement indicating that the Policy is in force.

b. The Period of Waterproofing coverage is the period commencing 12 months after the Date of Inception and expiring at midnight on the Date of Expiry as shown in the Schedule, provided that:
   1. The Insurer has received a supplementary Certificate of Approval from the Technical Inspection Service for the Waterproofing works.
   2. The additional premiums have been paid to the Insurer if the supplementary Certificate of Approval is not unqualified.
3. Insurer has issued an endorsement indicating that the Waterproofing coverage is in force.

c. In those cases where the Building Contract provides for more than one Occupancy Certificate:
   1. Inception shall take place in respect of Premises which consist of a single building following issuance of the Occupancy Certificate for the Premises as a whole unless otherwise agreed in writing by the Insurer.
   2. Inception shall take place in respect of Premises which consist of more than one building following the issuance of the Occupancy Certificate for each building unless otherwise agreed in writing by the Insurer.

4. Under Insurance
   If an Inherent Defect has been discovered, and the full rebuilding costs of the Premises is greater than the Total Sum Insured or adjusted in accordance with Clauses (7) and/or (11) of General Conditions, the insured will be entitled to compensation according to the Total Sum Insured specified in the Policy Schedule to the full rebuilding costs.

5. Limits of Indemnity
   The liability of the Insurer shall not exceed the Limit of Indemnity shown in the Schedule for the Period of Insurance unless cover has been increased by endorsement and the appropriate additional premium paid to the Insurer but excluding in respect of each and every claim the amount specified in the Schedule as the Deductible. If the Insured comprises more than one party, the total liability of the Insurer shall not exceed the amount for which the Insurer would have been liable as if there had been a claim by only one Insured.
6. Application of Deductible

The amount of the Deductible specified in the Schedule shall apply to each Inherent Defect, after the application of all other Terms and Conditions of the Policy, and not to the aggregate of claims arising during the Period of Insurance. Multiple claims arising from the same Inherent Defect shall be treated as one claim for purposes of application of the Deductible.

Policy Exclusions

This Policy does not cover the cost of repairing, replacing and/or strengthening the Premises following any physical damage or threat of imminent collapse caused by, arising from or consequent upon:

1. Alterations of Geological Conditions

Including but not limited to changes of the groundwater level or flow, whether due to a natural event or man-made, suffered after the date of issue of the Occupancy Certificate.

2. Capital Appreciation Taxes and Similar Charges

The amount of any tax, duty, charge, rate or levy arising out of capital appreciation;

3. Certificate of Approval Reservation

Any matter notified to the Insurer by the Technical Inspection Service and referred to as a reservation in the Certificate of Approval or recorded in the Occupancy Certificate unless subsequently rectified and approved in writing by the Insurer;

4. Deductible
5. Other Perils
Fire, lightning, explosion, earthquake, storm, tempest, flood, frost, bursting or overflowing of water tanks, pipes or other apparatus, water discharged or leaking from an automatic sprinkler installation, pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds or the impact of aircraft or other aerial devices or Articles dropped or falling therefrom.

6. Failure or Omission to Repair
The failure or omission of the Insured to commence or substantially undertake the repair, replacement or strengthening of the Premises for which indemnity is provided under this Policy within the period agreed in writing with the Insurer.

7. Economic Loss
Any direct or indirect economic loss, such as loss of enjoyment, use, income, business opportunity, inconvenience, distress or any other indirect or economic loss of any kind or description whatsoever other than as provided elsewhere in this Policy.

Any consequential or economic loss or damage of any kind or description whatsoever including but not limited to loss, costs, damages, expenses or penalties as a result of delay.

8. Fungi, Insect, Animal or Vermin Damage
Any cost or expense incurred to clean up, remove or remediate, or any cost or expense incurred to test for, monitor or assess the existence concentration of effects of fungi, insect, animal or vermin damage.

5. مخاطر أخرى
الحرائق والصواعق والانفجارات والزلزال والعواصف والأعاصير والفيضانات والتحتجم، فيضان أو انفجار خزانات أو أنابيب المياه أو أي معدات أخرى، وتسرب المياه من تجهيزات الرش الآلي، وموجات الضغط الناتجة من الطائرات ووسائل النقل الجوي المدفعة بسرعة الصوت أو بسرعة تفوقها، وتأثير الطائرات أو غيرها من وسائل النقل الجوي أو سقوط المواد منها.

6. عدم إجراء الإصلاح أو إهماله
عدم بدء المؤمن له بإصلاح المباني التي يُقدَم تعويض لها بموجب هذه الوثيقة أو استبدال ما تضرر منها أو تدميره أو عدم إجراء ذلك بشكل جوهري، أو إهماله في إجراء ذلك، خلال الفترة الزمنية المنقولة عليها مع شركة التأمين كتابيًا.

7. الخسائر الاقتصادية
أي خسائر اقتصادية مباشرة أو غير مباشرة، مثل فقدان التمتع بالمباني أو خسائر في الاستخدام أو الدخل أو لفرصة عمل أو صعوبة أو ضائقة أو أي خسارة غير مباشرة أو اقتصادية أخرى من أي نوع أو وصف، بما هو منصوص عليه في أي مكان آخر في هذه الوثيقة.

أي خسائر أو أضرار تبعية أو اقتصادية من أي نوع أو وصف، بما في ذلك على سبيل المثال لا الحصر الخسائر أو التكلفة أو الأضرار أو النفقات أو الغرامات نتيجةً للتأخير.

8. الأضرار الناتجة عن الفطريات أو الحشرات أو الحيوانات أو الهوام
أي تكلفة يتم تكديها لتنظيف أو إزالة أو علاج، أو أي تكلفة يتم تكديها لإزالة أو رصد أو تقنيح تركيز آثار وجود الفطريات أو الحشرات أو الحيوانات أو الهوام.
9. Maintenance or Use
Inadequate maintenance or abnormal use of the Premises or the imposition of any load greater than that for which the structure of the Premises was designed or the use of the Premises for any purpose other than that for which they were intended and as stated in the Schedule.

10. Non-Structural Works, Equipment, Fixtures and Fittings, and External Works
Any fault, defect, error or omission in the design, workmanship, or materials of any of the following:
   a. Non Structural Works
   b. Equipment, Fittings and Fixtures.
   c. External Works.

11. Radioactivity
Ionizing radiation or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel or the radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

12. Structural Changes
Any structural alterations, repairs, modifications or additions to the Premises during the Period of Insurance unless the Insurer has been informed, the Policy endorsed, and any appropriate additional premium paid to the Insurer;

13. War and other Hostilities / Terrorism
Including:
   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, acts of a group of malicious
persons or persons acting on behalf of or in connection with any political organization, conspiracy, confiscation, commandeering, requisition or destruction of or Damage to property.

b. 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, 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.

This exclusion also excludes 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 (a) and/or (b) above.

If the Insurer alleges that by reason of this exclusion, any damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon the Insured. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

14. Wear and Tear or Discoloration Including:

a. Wear and tear or other gradual deterioration;

b. Erosion;

c. Any change in color, texture, opacity or staining or superficial deterioration or marring of finishings or surface appearance or ageing processes;

the 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 political organization, conspiracy, confiscation, commandeering, requisition or destruction of or DAMAGE TO PROPERTY.

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14. Wear and Tear or Discoloration Including:

a. Wear and tear or other gradual deterioration;

b. Erosion;

c. Any change in color, texture, opacity or staining or superficial deterioration or marring of finishings or surface appearance or ageing processes;
15. Willful Acts or Omissions of the Insured

16. Corrosion
Corrosion or oxidation of structural steel elements, rebars, pre-stressing or post-tensioning bars caused by:

a. Attacks of contaminants such as but not limited to chlorides, sulphates, marine salts in seawater, spray or vapour, de-icing salts, or

b. An aggressive environment such as but not limited to high humidity, polluted atmospheres or aggressive soil

17. Insured’s Professional Advisors or Contractors responsibility
Defects which are the responsibility of the insured’s professional advisors or Contractors whether within the terms of the Building Contract or otherwise identified and notified to the Insured before issue of the Occupancy Certificate unless subsequently rectified and approved in writing by the Insurer;

18. Subsidence, heave or landslip unless due to an Inherent Defect.

19. Faulty or deficient Waterproofing
Faulty or deficient Waterproofing in those parts of the Premises below ground level. Unless this cover is requested by the owner of the Premises

20. Liability for personal injury or bodily injury.

21. Landscaping, including but not limited to vegetation and seeds.
General Conditions

1. Duties of the Insured
The Insured will:

a. Supply the Insurer with a copy of the Occupancy Certificate once issued.

b. At their own expense, or through occupiers of the Premises, take all reasonable precautions to prevent physical damage or threat of collapse to the Premises and shall comply with any law and regulations which relate to the Premises.

2. Premium Calculation and Payments

a. Deposit Premium:

1. The deposit premium is calculated based on the estimated Total Sum Insured as specified in the Policy Schedule.

2. The Insured shall pay the deposit premium upon acceptance of the Policy, and The Insurer shall issue the Policy accordingly.

b. Final Premium:

1. The final premium is calculated after the completion of constructions and issuance of the Certificate of Approval, the Insured shall provide the Insurer with the final Total Sum Insured (actual cost of the Premises constructions).

2. The Insured shall pay the balance of final premium minus the deposit premium before the issuance of the Occupancy Certificate.

c. The Insured shall pay any additional premium due or for modifications applied on the Policy to the Insurer within 30 days of notification of the Insured of the amount due.

الشروط العامة

1. واجبات المؤمن له

يقوم المؤمن له بما يلي:

أ. تزويد شركة التأمين بنسخة من شهادة الإشغال عند إصدارها.

ب. اتخاذ جميع الاحتياطات المطلوبة، على نفقة أو على نفقة شاغلي المباني، للحيلولة دون وقوع أي أضرار

مادية أو حدوث انهيار في المباني والالتزام بالأنظمة واللوائح المطلوبة للمباني.

2. حساب وسداد الأقساط التأمينية

أ. قسط الضمان:

1. يتم حساب قسط الضمان بناءً على القيمة التأمينية المقدرة حسبما هو محدد في جدول الوثيقة.

2. يجب أن يدفع المؤمن له قسط الضمان عند قبوله للوثائق، وتصدر شركة التأمين الوثيقة بناءً على ذلك.

ب. القسط النهائي (الفعلي):

1. يتم احتساب القسط النهائي بعد الانتهاء من البناء وصدر شهادة تأكيد السلامة، على أن يُؤدّى المؤمن له شركة التأمين بالقيمة التأمينية الفعلية (التكلفة الفعلية لإنشاء المباني).

2. يجب أن يدفع المؤمن له القسط النهائي (الفعلي) مخصصاً منه قسط الضمان قبل إصدار شهادة الإشغال.

ج. يجب أن يدفع المؤمن له أي أقساط إضافية مستحقة لشركة التأمين بسبب أو لأجل التعديلات أو التغييرات المطبقة على الوثيقة خلال (30) يوماً من تاريخ إخطاره بالبلغ المستحق.
d. In case of non-payment of the premium, the Insurer may include the Contractor’s name in the records of the authority mandating Inherent Defect insurance and the entity authorized to collect and record credit information immediately after the expiration of (30) days from the date of notification of the amount due.

3. Assignment
The Insured shall not assign this Policy without the prior written consent of the Insurer and at the same time as any permitted assignment, the Insured shall insofar as they are able to assign to the assignee of the Policy all its rights, title and interest in and to contracts in respect of the supply of materials for, design and construction of the Premises.

4. Fraudulent Acts
If any claim is fraudulent or dishonest or if any fraudulent or dishonest means or devices are used by the Insured or any person acting on behalf of the Insured in order to obtain any benefit under this Policy or if any damage is occasioned by the willful act of or with the connivance of the Insured, all benefit under this Policy will be forfeited.

5. Change in Risk
If any material change shall occur varying any of the circumstances disclosed to or known to the Insurer whether occurring before or after the date of this Policy which, had it been known to Insurer, would have influenced their acceptance of the risk or the premium at which they would have accepted it, the Insured shall immediately give notice to Insurer of such change with full particulars thereof and the Insurer shall have the right to vary the insurance premium in accordance with this change of risk.
6. **Misdescription, Error or Omission**
All benefits under this Policy will be voidable in the event of misrepresentation, misdescription, error, omission or non-disclosure by or on behalf of the Insured with intention to defraud.

7. **Total Sum Insured Alteration**
The Insured may at any time during the Period of Insurance, request an increase in the Total Sum Insured by written application to the Insurer and if the increase is accepted, cover will commence upon payment to the Insurer of such additional premium as they may require.

Before agreeing to such increase, the Insurer has the right to request the Insured to arrange an examination of the Premises by the Technical Inspection Service at the expense of the Insured.

8. **Insurance of Deductible**
No insurance may be contracted by the Insured to cover the amount or part of the amount of the Deductible.

9. **Law and Jurisdiction**
Any dispute that arises concerning this Policy shall be subject to laws and regulations in force in the Kingdom of Saudi Arabia and shall be settled by the Committees for Resolution of Insurance Disputes and Violations, as set forth under Article 20 of the Cooperative Insurance Companies Control Law.

10. **Surplus Distribution**
The Insurer will comply with distribution of surplus provisions provided in the Implementing Regulation of Cooperative Insurance Companies Control Law between policyholders and shareholders or in accordance with rules, regulations and instructions issued by SAMA.
11. Actual Full Rebuilding Cost of the Premises (Actual Total Sum insured) Deviating from the Estimated Full Rebuilding Cost of the Premises (provisional Total Sum insured):

a. Both the actual and provisional Total Sum Insured must be as per Building Contract value.

b. At any time before the Date of Inception, the insurer has to clarify to the Insured that the actual full rebuilding cost of the Premises at the Date of Inception may deviate from the estimated full rebuilding cost of the Premises.

c. The Insured shall after the completion of Premises constructions and before issuance of Occupancy Certificate, notify the Insurer of the actual full rebuilding cost of the Premises and the reasons of its increase or decrease by providing full documents on such deviation. Coverage will begin on express written confirmation and on terms and conditions agreed by Insurer.

12. Waterproofing & Period of Waterproofing Coverage

a. This coverage does not indemnify the Insured in respect of any defects or deficiencies in waterproofing first discovered during the (12) Months period after the Date of Inception.

b. The Insurer indemnifies the Insured against the cost of:

1. Repairing or replacing that part of the Waterproofing of the roof and/or the external walls of the Premises damaged by an inherent Defect in such Waterproofing;
2. Repairing or replacing those parts of the Premises damaged as a result of an Inherent Defect in the Waterproofing of the roof and/or the external walls.

c. Provided that such Inherent Defect is first discovered and notified to the Insurer during the Period of Waterproofing Insurance.

d. Inspections have been carried out during the period of construction and during the period of execution of the Waterproofing works and (12) months after the Date of Inception and that Insurer has received a supplementary Certificate of Approval from the Technical Inspection Service following such inspections. If the Certificate of Approval issued (12) months after the Date of Inception is not unqualified, the Insurer may review the Insurance premium or delay the beginning of the Period of Waterproofing Coverage.

Claims Conditions

1. Claims Procedure

   a. Upon discovery of an Inherent Defect which may give rise to a claim under this Policy or the occurrence of any damage not covered under this Policy but which may threaten the stability of the Premises, the Insured will at their own expense:

      1. Notify the Insurer as soon as reasonably practical;
2. Take all necessary precautions to prevent further or any damage;

3. Within (60) days of such discovery submit in writing details of the claim.

4. Supply or to the extent this is not possible, assist in procuring all reports, certificates, plans, specifications, quantities information and assistance as may reasonably be required by the Insurer.

b. The Insured shall not be entitled to abandon any property to the Insurer, whether taken possession of by the Insurer or not.

2. Access to Premises
The Insured will allow the Insurer or their representatives to access the Premises at all reasonable times. Furthermore the Insurer and any person authorized by the Insurer may enter the Premises for the purposes of investigations related to claims without diminishing any of the Insurer’s rights under this Policy.

3. Basis of Claim Settlement:
a. In respect of an Inherent Defect causing:
   1. Physical damage to the Premises, the basis of settlement of the claim shall be the cost of repairing the damage to the Premises or renewing, replacing and/or strengthening those parts of the Premises thereby directly affected to a condition substantially the same to their condition when new except insofar as it is necessary to alter the condition of the Premises to relieve the effects of the Inherent Defect directly causing the said physical damage.
   
   2. The threat of imminent collapse, the basis of settlement of the claim shall be the costs necessarily incurred by way of remedial measures to prevent an actual collapse of the Premises within the Period of Insurance.

b. The Insured shall not be entitled to abandon any property to the Insurer, whether taken possession of by the Insurer or not.

2. التدخل للمباني
يَسمح المؤمن له لشركة التأمين أو ممثليها بالدخول إلى المباني في جميع الأوقات المناسبة، وحق لشركة التأمين أو أي شخص مخول منها دخول المباني بغرض إجراء التحقيقات المتعلقة بالمطالبات وذلك دون الإخلال بأي حق من حقوق الشركة الواردة في هذه الوثيقة.

3. آلية تسوية المطالبات
أ. في حال تسبب عيب خفي في:

   1. أضرار مادية للمباني، يُحسب مبلغ تسوية المطالبة عن طريق حساب تكلفة إصلاح الأضرار التي لحقت بالمباني، أو تكلفة تجديد الأجزاء المتضررة فيها بشكل مباشر، أو تغييرها وتدعمها أو أحدثها، لإعدادها لما يتسبب حالتها السابقة، باستثناء إذا كان هناك حاجة لتغيير حالة المباني لتفعيل آثار العيب الخفي المتسبب بشكل مباشر في الأضرار المادية المذكورة.

   2. احتمالية وقوع انهيار وشيك، يُحسب مبلغ تسوية المطالبة عن طريق حساب التكلفة المتوقعة نظر اتخاذ التدابير العلاجية للحلول دون وقوع انهيار فعلي للمباني خلال فترة التغطية التأمينية.
b. But not exceeding the Limit of Indemnity stated in the Schedule any one claim and in the aggregate.

c. The cost of any temporary and/or provisional repairs will be met by the Insurer provided their consent has been granted in writing to such repairs and that these repairs either constitute part of the final repairs or reduce the risk of further damage to the Premises.

d. The cost of any other alteration, additions and/or improvements shall not be recoverable under this Policy except as provided for in Clause 2(c) of Article (3) of the Policy.

4. Payments on Account
At the request of the Insured, the Insurer will subject to liability having been accepted and application of the Deductible provide payment on account in respect of any claim subject to compliance with the terms and conditions of the Policy. The Insured shall provide the Insurer with what may be required by the Insurer to provide such payment on account.

5. Primary Insurance
In the event of a Damage indemnified by this Policy, which is also indemnifiable either in whole or in part under any other policy or policies of insurance, effected by or on behalf of any of the parties comprising the Insured. The Insurer will indemnify the Insured as if such other policy or policies of insurance were not in force.

6. Reinstatement of Sum Insured
The Total Sum Insured is reduced by the amount of each and every claim in excess of the Deductible from the date of first notification of each and every claim to the Insurer.

The Insured has the option, subject to the agreement in writing of the Insurer, to reinstate the Total Sum Insured on payment of the appropriate additional premium.
7. **Subrogation:**
Any claimant under this Policy will at the request and at the expense of the Insurer, cooperate with the Insurer and issue powers of attorney enabling the Insurer to carry out the proceedings, defending and settlement procedures on behalf of the Insured, and perform all required actions to guarantee the Insurer's right to recover, from any other party, any amounts due as a result of indemnity paid by the insurer under this Policy.

**Cancellation**

7. Neither the Insurer nor the Insured has the right to cancel this Policy during the Period of Insurance except in the following situations:

1. A paid claim(s) up to the Limit of Indemnity stated in the Policy Schedule where the Insured did not request to apply Reinstatement as in Clause (6) of the Claims Conditions.

2. Total destruction of the Premises unless caused by an Inherent Defect.
<table>
<thead>
<tr>
<th><strong>Policy Schedule</strong> - The Standard Policy of Inherent Defects Insurance</th>
<th>الصيغة النموذجية لوثيقة التأمين على العيوب الخفية – جدول الوثيقة</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy Number:</strong></td>
<td>XXX</td>
</tr>
<tr>
<td><strong>Policy Issue Date:</strong></td>
<td>DD/MM/YYYY</td>
</tr>
<tr>
<td><strong>Insured</strong></td>
<td></td>
</tr>
<tr>
<td>Premises Owner</td>
<td>[Owner Name]</td>
</tr>
<tr>
<td>National Address of the Owner</td>
<td></td>
</tr>
<tr>
<td>Contractor:</td>
<td>[Contractor Name]</td>
</tr>
<tr>
<td>National Address of the Contractor:</td>
<td></td>
</tr>
<tr>
<td><strong>Insured Premises</strong></td>
<td></td>
</tr>
<tr>
<td>Name of Project:</td>
<td>[Name of Project]</td>
</tr>
<tr>
<td>Premises Location:</td>
<td>[Premises Location]</td>
</tr>
<tr>
<td>Project Description and/or Use:</td>
<td>[Project Description]</td>
</tr>
<tr>
<td>Estimated Full Rebuilding Cost of the Premises at the Policy Signing Date:</td>
<td>[Estimated Value]</td>
</tr>
<tr>
<td><strong>Period of Insurance</strong></td>
<td></td>
</tr>
<tr>
<td>Ten (10) years from the Date of Inception</td>
<td></td>
</tr>
<tr>
<td><strong>Date of Inception</strong></td>
<td></td>
</tr>
<tr>
<td>Estimated Date of Issue of the Occupancy Certificate:</td>
<td>DD/MM/YYYY</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Estimated expiry date</td>
<td>DD/MM/YYYY</td>
</tr>
<tr>
<td><em>(Date of Inception and expiry date are to be adjusted by endorsement upon issuance of the Occupancy Certificate)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Sum Insured</strong></td>
<td></td>
</tr>
<tr>
<td>Final Full Rebuilding Cost of the Premises</td>
<td>[Sum Insured]</td>
</tr>
<tr>
<td><strong>Deductible</strong></td>
<td></td>
</tr>
<tr>
<td>For Residential Premises:</td>
<td>5% of Claim amount with a minimum SAR 25,000 and maximum SAR 3,000,000.</td>
</tr>
<tr>
<td></td>
<td>5% من مبلغ المطالبة، (25,000 ريال سعودي كحد أدنى) و (3,000,000 ريال سعودي كحد أقصى)</td>
</tr>
<tr>
<td>For other non-Residential Premises:</td>
<td>0.1% of Total Sum Insured with a minimum of SAR 25,000.</td>
</tr>
<tr>
<td></td>
<td>0.1% من القيمة التأمينية، (25,000 ريال سعودي كحد أدنى)</td>
</tr>
<tr>
<td><strong>Limit of Indemnity</strong></td>
<td></td>
</tr>
<tr>
<td>Physical Damage/Threat of Imminent Collapse/Waterproofing</td>
<td>[Limit of Indemnity]</td>
</tr>
<tr>
<td>Cost of Demolishing the Premises and/or the Removal of Debris</td>
<td>10% of claim amount</td>
</tr>
<tr>
<td></td>
<td>10% من مبلغ المطالبة</td>
</tr>
<tr>
<td>Legal, professional or consultants’ fees</td>
<td>[xxx]</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Premium</strong></td>
<td></td>
</tr>
<tr>
<td>Provisional Premium Equivalent to a Premium Rate applicable on the estimated full rebuilding cost of the Premises:</td>
<td>[Prov Premium]</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Deposit Premium equivalent to X % of the Provisional Premium:
قسط الضمان ما يعادل *% من القسط المبدئي

<table>
<thead>
<tr>
<th>Deposit Premium</th>
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<tbody>
<tr>
<td>[Deposit Premium]</td>
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</table>

Final Premium is due before issuance of the Occupancy Certificate.

<table>
<thead>
<tr>
<th>Final Premium is due before issuance of the Occupancy Certificate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>يستحق مبلغ القسط النهائي قبل إصدار شهادة الإشغال</td>
</tr>
</tbody>
</table>

Final premium is calculated based on the actual Full Rebuilding Cost of the Premises(Actual Total Sum insured)

<table>
<thead>
<tr>
<th>Final premium is calculated based on the actual Full Rebuilding Cost of the Premises(Actual Total Sum insured)</th>
</tr>
</thead>
<tbody>
<tr>
<td>يتم احتساب القسط النهائي بناءً على التكلفة الفعلية لإعادة البناء (القيمة التأمينية النهائية</td>
</tr>
</tbody>
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**Technical Inspection Services Company**

<table>
<thead>
<tr>
<th>Technical Inspection Services Company</th>
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</thead>
<tbody>
<tr>
<td>شركة الفاحص الفني</td>
</tr>
</tbody>
</table>

The following company (s) shall be appointed to carry out the Technical Inspection Service:

<table>
<thead>
<tr>
<th>The following company (s) shall be appointed to carry out the Technical Inspection Service:</th>
</tr>
</thead>
<tbody>
<tr>
<td>تعين الشركة أو الشركات الأتية للقيام بالفحص الفني</td>
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<table>
<thead>
<tr>
<th>Company Name</th>
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<tbody>
<tr>
<td>[Company Name]</td>
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**Endorsements**

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<th>Endorsements</th>
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<tbody>
<tr>
<td>الملاحق</td>
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<th>[No]</th>
<th>[Title]</th>
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<tr>
<td>رقم</td>
<td>عنوان</td>
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<td>عنوان</td>
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**For and on Behalf of the Insurance Company**

<table>
<thead>
<tr>
<th>For and on Behalf of the Insurance Company</th>
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<tbody>
<tr>
<td>لشركة التأمين ونيابة عنها</td>
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<tr>
<th>Date</th>
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<td>التاريخ</td>
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<th>Place</th>
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<td>الموقع</td>
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<th>Signature</th>
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<td>التوقيع</td>
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<tr>
<th>Company Seal</th>
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<tbody>
<tr>
<td>ختم الشركة</td>
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</tbody>
</table>