

GENERAL CONDITIONS

I. LIMITS OF COVER

The Company undertakes to indemnify the Insured for loss or damage sustained by the insured vehicle and spare parts as a result of accidents that may occur during the validity period of insurance and within the geographical area of the State of Kuwait and in accordance with the terms, conditions and exclusions listed as follows:

- 1) The Company shall cover the loss or damage caused by or arising from or contributed to:
 - * Collision, overturning or fire (as a result of a traffic accident) or total theft provided that the Insured or his family members or those under his service have no hand in their occurrence. The Insured shall incur 35% of fire or theft accidents.
 - * Destruction or damage caused by or arising from fault of third party with the exception of breach of trust, malicious act or fraud.

The Company may opt to pay in cash the amount of loss or damage to the Insured or repair or replace the vehicle or any part thereof, its accessories or spare parts (provided that replaced spare parts shall be delivered to the Company) and the liability of the Company shall not exceed the value of the lost or damaged parts, in addition to the reasonable cost of fitting or fixing such parts after deducting depreciation percentage provided that the said percentage shall be no less than 15% of the value of spare parts for the first year of the car model and at an increase of 10% per each year up to a maximum of 75%. If the necessary parts are not available in the markets, the compensations payable by the Company shall not exceed the last price fixed for those parts in the local markets after deducting depreciation percentage set forth above. The Company shall not be liable for the non-availability of spare parts in the local markets. The Company shall not be obliged to carry out repairs at the agency or at any particular garage except within the limits of the amount computed thereby for repair.

- 2) The Company has the right to declare the vehicle total loss at any time and to transfer the title deed of the vehicle to the Company or whomsoever the Company may determine and to compensate the Insured accordingly. In case of total loss, the compensation payable to the Insured shall be computed in

accordance with the period of time spent out of the Policy or the market value of the vehicle, whichever is lesser, and as per the following depreciation rate:

Percentage of deduction from the insurance amount in the year of accident	The period of time spent out of the insurance year
10%	90 days or less
15%	91 days and no more than 180 days
20%	181 days and no more than 270 days
25%	More than 271 days and up to the end of the insurance year

In all cases, the Insured may not request treating the vehicle as a total loss unless the cost of repair and necessary spare parts are at least 75% of the vehicle value. Furthermore, the estimation of the vehicle value by the Insured upon taking out insurance shall not be considered binding to the Company upon settlement of compensation.

II. EXCLUSIONS

*** Matters that lie outside the scope of insurance coverage and the Company shall not be liable for:**

- 1) Loss/destruction, damage and accidents that are directly or indirectly, proximately or remotely occasioned, contributed to or traceable to or arising out of or in connection with any of the occurrences set forth hereunder:

Torrents, floods, storms, sandstorms, hurricanes, volcanic eruptions, earthquakes, land quakes, hailstorms, or any other turbulences in nature, invasion, acts of foreign enemy, warlike operations (whether war be declared or not), civil war, strike, sit-in, demonstrations, popular insurrection, mutiny, rebellion, revolution, coup d'etat, usurped power, confiscation, nationalization or destruction of or subsequent damage to property by order of the government or by any public or local authority; ionizing radiation, atomic or nuclear explosions, as well as by any direct or indirect consequences of any of the said occurrences. In the event of any request or claim hereunder, the Insured shall prove that the accidental loss, damage and/or liability arose independently of and was in no way connected with or occasioned by or

contributed to or traceable to any of the said occurrences or any consequences thereof and in default of such proof, the Company shall not be liable to make any payment in respect of such request or claim;

- 2) Total theft resulting from leaving the vehicle in a state of operation or leaving the operation key inside the vehicle. The vehicle must be properly locked and the theft had arisen out of or resulted from breakage or damage of any part of the vehicle that led to its total theft as evidenced by the official entities of the State;
- 3) The vehicle owner shall be liable for all parts or spare parts stolen from the vehicle after the occurrence of the accident. In this case, they shall be deducted from the value of aggregate compensation;
- 4) Partial theft of any vehicle parts or spare parts;
- 5) Fire accident unless it arises out of or results from a road traffic accident and traffic collision.
- 6) Damage inflicted to the vehicle as a result of escape or chase by authority personnel whomsoever their leader or used to transport fugitives or to transport smuggled or legally forbidden goods.
- 7) Auto-manufacturing defects, in addition to any losses covered the warranty of manufacturer or supplier.
- 8) Depreciation of the insured vehicle due to an accident or repair or otherwise.
- 9) Indirect loss or damage that may affect the Insured or depreciation of the vehicle value because of its use. The Company shall not be liable for the malfunction, destruction, defect or breakage that may affect mechanical or electrical appliances unless the same caused by or arising from an accident to the insured vehicle.
- 10) Loss or damage that may affect the vehicle load or added or accessory appliances to the vehicle, such as telephone, recorder or television or any personal belongings, unless provided for in the Policy or exhibits thereof, along with setting forth the insurance value and payment of the additional premium due therefor.
- 11) Damage or destruction resulting from driving the vehicle after occurrence of the accident.
- 12) If the Insured carried out repairs on his own motion without obtaining prior written approval of the Company.

- 13) The accidents that may occur to the vehicle by the persons at the time it is kept in their possession for repair, service or maintenance.
 - 14) Loss or damage that may affect the vehicle as a result of scratches, cavities, corrosions, chemicals, dyes or thinner.
 - 15) Damage resulting deliberately or indeliberately from, out of or in connection with parts or objects that may fall on the vehicle.
 - 16) Damage to the tyres even if as a result of road traffic accident.
 - 17) Damage to the vehicle resulting from tyre explosion of whatsoever extent.
 - 18) Loss or damage to the windshield except to the extent of KD 50. The amounts in excess shall be incurred by the Insured.
 - 19) Loss or damage to the side or rear glass windows unless it resulted from a road traffic accident known to both parties.
 - 20) Loss or damage to the engine hood or breakage or damage to the roof opening unless it resulted from a road traffic accident (between two or more vehicles) to the insured vehicle.
 - 21) If the Insured changed the vehicle shape or skeleton or installed tyres other than the size or measure of the original tyres or increased the vehicle speed by increasing the engine power or changing the accessories or shock absorbers in an unsafe manner that results in changing its balance.
 - 22) Loss or damage resulting from vehicle overload or not fixing its load in a safe manner or if the number of passengers increased in excess of the legally stipulated number as fixed in the motor vehicle license.
 - 23) In case of taking out insurance for large transportation vehicles or trailers, the Company shall not be liable for covering the loss or damage to the vehicle or trailer at the time of lifting, lowering or operating the hoist. Moreover, the Company shall not be liable for covering loss or damage to the vehicle if it capsized when the jack is lifted for operation or discharge of load.
 - 24) Any liability that may arise out of or in connection with an agreement that would not have been arisen except for such agreement. The Company shall not be liable for any amount that may be payable to the Insured with any other person but for their agreement to the contrary.
- * **The Insured shall lose his right to claim for compensation and shall refund to the Company all compensations previously received by him in the following cases:**

- 1) If it is proven that there had been misrepresentation or non-disclosure of any material fact by the Insured upon concluding the Insurance Contract which affects the risk coverage or the insurance price or conditions, or if the Insured made false information about how the accident took place or concealed material facts that may affect the judgment of the Company of the extent of its obligations.
- 2) If the accident took place whilst the vehicle is being driven by the Insured or any other person who was in an abnormal state of mind or under the influence of alcoholics or drugs or as a result of taking medical pills, liquids and/or any narcotics or under the influence of sleepiness.
- 3) If the accident occurred while the vehicle is being driven by a person who is not holding a valid driving license from the Department of Traffic in Kuwait or whose driving license has been taken away by a court of law or the General Department of Traffic or is not valid or does not permit him to drive such type of motor vehicles.
- 4) If the accident occurred whilst the vehicle is being driven at a speed exceeding the limits permitted by the General Department of Traffic or in case of chasing or jumping red traffic lights or driving in the opposite direction or on roads or pavements not prepared for driving vehicles as stipulated for in the Traffic Law and the regulations and ministerial decisions implementing the same at places where the vehicle does not have the permit of passage, such as civil or military airports or forbidden areas or using the same in rallying, racing, inspection, reliability trials, speed testing or due to using the vehicle in race or rallying or inspection tests or the vehicles devices were not functioning properly at the time of the accident, especially the shortage of emergency stop devices at more than 30% or due to flat tyres.
- 5) If the accident had arisen out of an act committed by the vehicle driver or the Insured intentionally and premeditatedly.
- 6) If the accident occurred while driving without abiding by the conditions mentioned in the driving license, such as wearing glasses or medical hearing aids ...etc
- 7) If the accident arose out of using the vehicle for any purpose other than the one licensed by the General Department of Traffic and permitted in this Policy or its schedules.

- 8) If the accident took place whilst the vehicle is driven by a person with mental or physical disability, whether partial or total.
- 9) If it is proven that the vehicle was involved in a previous serious accident albeit the Insurer was not informed of the same upon issuing the Insurance Policy. Moreover, the Company shall not be liable to compensate the Insured for the damaged parts in a previous accident.
- 10) Negligence that gives rise to the occurrence of loss, destruction or damage to the insured vehicle, such as placing flammable materials or not taking proper precautions to maintain the vehicle in a roadworthy condition or improperly locking the doors or leaving the keys therein or the like.
- 11) If the client failed to pay premiums in full within 14 days from the date of issuance of the Policy and the consequences thereof shall lapse unless both parties agreed in writing to the contrary.

III. CONDITIONS

- 1) The Company may at any time inspect the insured vehicle or any part thereof and test any driver or user with the Insured.
- 2) In the event the Insured pays the insurance premium or any part thereof, this shall be deemed an implicit acceptance of all terms and conditions of this Policy.
- 3) If there be several other insurances taken out with more than one company or insurer, the Company shall not be liable to pay or contribute more than its ratable proportion equal to the percentage between the amount of this insurance and the amounts of other insurances combined of any such destruction, loss, damage, compensation or expenses and fees.
- 4) In all cases, if there is more than one accident involving the same vehicle during the insurance period, the maximum limit of compensation for all accidents shall in no event be more than the insurance amount even if the last accident is declared total loss. In this case, the compensation previously paid to earlier accidents shall be deducted minus the depreciation cost.
- 5) In the event of total theft, the Company may defer payment of compensation up to a maximum of six months or up to the date of issuance of a final nolle prosequi decision or a final criminal verdict on the misdemeanor relating to the fact.
- 6) The Insured shall take all reasonable precautions to safeguard the insured vehicle from loss or damage and to maintain it in a roadworthy condition,

otherwise he shall lose his right of repair or receive compensation for damage sustained thereby. The Company may have right of recourse against him to claim the compensations paid to him or to any person on his behalf. In the event of any accident or breakdown, the Insured Vehicle shall not be left unattended without proper precautions being taken to prevent further loss or damage, and if the Insured Vehicle be driven before the necessary repairs are effected, any extension of the damage or any further damage to the Insured Vehicle shall be excluded from the scope of the indemnity granted by this Policy.

- 7) Each right or benefit to the Insured resulting from this Contract shall be forfeited if the Insured or his representative failed to report the accident to the Company within 48 hours from the date of occurrence along with written notice to that effect about the particulars of how the accident took place and furnish the Company with all relevant documents, or if he served notice about the accident but ceased contacting the Company within one year from the date of notification.
- 8) The Insured may not cancel this insurance or transfer the same to any other person for any reason whatsoever except with a written consent of the beneficiary and the Company for the same, otherwise the Policy shall be deemed null and void.
- 9) The Insured may not request transferring this insurance to any other person if the balance period is less than four months or if there is a claim approved by virtue of this insurance. Should the Insured request to cancel this Policy, he shall not be entitled to recover any amounts of money.
- 10) The Company may terminate this Policy by serving notice to the other party by registered mail return receipt requested and refund to the Insured the premiums paid less the pro-rata portion thereof for the period the Policy has been in force. The Insured shall not be entitled to do so if the accident took place to the vehicle during the validity period of this Policy or if the balance period is less than four months in accordance with short-term insurance categories as per the following table:

Period of currency of insurance	Proportion of annual premium to be retained by the Company
No more than one week	12.5% of the annual premium
No more than one month	25% of the annual premium

No more than two months	27.5% of the annual premium
No more than three months	50% of the annual premium
No more than four months	62.5% of the annual premium
No more than six months	75% of the annual premium
No more than eight months	87.5% of the annual premium
More than eight months	100% of the annual premium

All obligations arising from this Policy shall be subject to the terms and conditions of arbitration in accordance with the Kuwaiti laws in any dispute that may erupt therefrom. The courts of the State of Kuwait shall be competent to consider any dispute that may arise out of or in connection with this Policy.