

DETERIORATION OF STOCK CERTIFICATE WORDING

Whereas the Participant named in the schedule hereto has made to Takaful Brunei Am Sdn Bhd a written proposal by completing a questionnaire which together with any other statements made in writing by the Participant for the purpose of this Certificate is deemed to be incorporated herein

Now this Certificate of Takaful witnesses that subject to the Participant having paid to Takaful Brunei Am Sdn Bhd the Contribution mentioned in the schedule and subject to the terms, exclusions, provisions and conditions contained herein or endorsed hereon

Takaful Brunei Am Sdn Bhd hereby agree with the Participant 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 Takaful Brunei Am Sdn Bhd may accept the 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 indemnifiable under the machinery breakdown Certificate in force, Takaful Brunei Am Sdn Bhd will indemnify the Participant in respect of such deterioration in the manner and to the extent hereinafter provided up to an amount not exceeding in any one year of takaful in respect of each of the items specified in the schedule the sum set opposite thereto and not exceeding in all the total sum expressed in the schedule as covered hereby, unless the sum covered has been reinstated.

EXCLUSIONS

Takaful Brunei Am Sdn Bhd shall not be liable for;

1. the deductible stated in the schedule to be borne by the Participant in any one occurrence;
2. any loss of the goods stored in the refrigerating chambers arising within 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 loss with regard to the goods stored arising as a result of shrinkage, inherent defects or disease natural deterioration or natural putrefaction;
4. any loss arising from improper storage, damage to packing material, insufficient circulation of air, non-uniformity of temperature;
5. any loss caused by temporary repair of the refrigeration machinery specified in the list of machinery which is carried out without Takaful Brunei Am Sdn Bhd consent;
6. penalties for delay, consequential loss or damage or liability of any nature whatsoever;
7. 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 Takaful Brunei Am Sdn Bhd alleges that by reason of the provisions of Exclusion 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.

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 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 14 days.

GENERAL CONDITIONS

- 1) 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 Takaful Brunei Am Sdn Bhd to make any payment under this certificate.
- 2) The schedule and the 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 including the schedule and the questionnaire and proposal. 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.
- 3) 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 Takaful Brunei Am Sdn Bhd.

- 4) The Participant shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of Takaful Brunei Am Sdn Bhd to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
- 5) It is fundamental and absolute special condition of this contract of takaful that the takaful contribution due must be paid and received by Takaful Brunei Am Sdn Bhd within ninety (90) days from the inception date of the certificate. If this condition is not complied with, then this contract of takaful is automatically cancelled and Takaful Brunei Am Sdn Bhd shall be entitled to the pro rata contribution on the period they have been on risk.
- 6) a) Representatives of Takaful Brunei Am Sdn Bhd shall at any reasonable time have the right to inspect and examine the risk and the Participant shall provide the representatives of Takaful Brunei Am Sdn Bhd with all details and information necessary for the assessment of the risk.

b) The Participant shall immediately notify Takaful Brunei Am Sdn Bhd in writing of any material change in the risk and cause at his own expense 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 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 Takaful Brunei Am Sdn Bhd.
- 7) In the event of any occurrence which might give rise to a claim under this Certificate, the Participant shall
 - a) immediately notify Takaful Brunei Am Sdn Bhd by telephone or telegram as well as in writing, giving an indication as to the nature and extent of the loss or damage;
 - b) take all steps within his power to minimize the extent of the loss or damage;
 - c) preserve the parts affected and make them available for inspection by a representative or surveyor of Takaful Brunei Am Sdn Bhd;
 - d) furnish all such information and documentary evidence as Takaful Brunei Am Sdn Bhd may require;
 - e) inform the Police authorities immediately (not more than 24 hours) in the case of loss or damage known due to burglary.

Takaful Brunei Am Sdn Bhd shall on no account be liable for loss or damage of which no notice has been received by Takaful Brunei Am Sdn Bhd within 14 (fourteen) days of its occurrence. Upon notification being given to Takaful Brunei Am Sdn Bhd under this condition, the Participant may carry out repairs of or make good any minor damage; in all other cases a representative of Takaful Brunei Am Sdn Bhd shall have the opportunity of inspecting the loss or damage before any repairs or alterations are effected. If a representative of Takaful Brunei Am Sdn Bhd 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) The Participant shall at the expense of Takaful Brunei Am Sdn Bhd do and concur in doing and permit to be done all such acts and things as may be necessary or required by Takaful Brunei Am Sdn Bhd 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 Takaful Brunei Am Sdn Bhd 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 Takaful Brunei Am Sdn Bhd.
- 9) 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 Takaful Brunei Am Sdn Bhd shall not be liable to make any payment hereunder.

- b) In the event of Takaful Brunei Am Sdn Bhd disclaiming liability in respect of any claim and if an action or suit is not commenced within 3 (three) months after such disclaimer or (in the case of arbitration taking place in pursuance of Condition 14 of this Certificate) within 3 (three) months after the arbitrators or umpire have made their award, all benefit under this Certificate in respect of such claim shall be forfeited.
- 10) If at the time any claim arises under this Certificate there is any other Takaful or insurance covering the same loss or damage, whether effected by the Participant or not, Takaful Brunei Am Sdn Bhd shall not be liable to pay or contribute more than their rateable proportion of any claim for such loss or damage.
- 11) Takaful Brunei Am Sdn Bhd shall not be bound to send any notice of the Renewal Takaful Contribution becoming due, nor to renew this Certificate. Takaful Brunei Am Sdn Bhd shall, at any time by giving 7 (seven) days notice in writing to the Participant by registered letter posted to his last known address, be at liberty to determine and cancel the Certificate as from the date of such notice, in which case Takaful Brunei Am Sdn Bhd shall retain in the Takaful Fund Takaful contribution on a pro-rata basis in proportion to the period the Certificate has been in force and return the balance thereof to the Participant after deduction of Wakalah fee and the service charge, subject to not less than the certificate minimum contribution. This Takaful may also be terminated by the Participant in writing to Takaful Brunei Am Sdn Bhd in which case Takaful Brunei Am Sdn Bhd shall apply the same procedure in respect of the Takaful contribution as aforesaid.
- 12) Under a 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 Takaful Brunei Am Sdn Bhd 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.
- 13) The indemnity shall be payable after determination by Takaful Brunei Am Sdn Bhd of the full amount due. Notwithstanding the above, the Participant may, one month after Takaful Brunei Am Sdn Bhd have been duly notified of the loss and have acknowledged their liability, claim as an instalment 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.

Takaful Brunei Am Sdn Bhd shall be entitled to withhold indemnification.

- a) if there are doubts regarding the Participant's right to receive the indemnity, pending receipt by Takaful Brunei Am Sdn Bhd of the necessary proof;
- 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) All differences as to the amount of any loss or damage arising out of this Certificate (liability being otherwise admitted) shall, independently of all other questions be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference, or if they cannot agree upon a single Arbitrator, to the decision of two disinterested persons as Arbitrators of whom one shall be appointed in writing by each of the parties within 2 (two) calendar months after having been required to do so in writing by the other party. In case either party shall refuse or fail to appoint an Arbitrator within 2 (two) calendar months after receipt of notice in writing requiring an appointment, the other party shall be at liberty to appoint a sole Arbitrator, and in case of disagreement between the Arbitrators the difference shall be referred to the decision of an Umpire who shall be appointed by the Arbitrators in writing before entering on the reference and who shall sit with the Arbitrators and preside at their meetings. The death of any party shall not revoke or affect the authority or power of the Arbitrator. Arbitrators or Umpire, and in the event of the death of an Arbitrator or Umpire another shall in each case be appointed in his stead by the party or Arbitrator (as the case may be) by whom the deceased Arbitrator or Umpire was appointed. The cost of the reference and the award shall be at the discretion of the Arbitrator, Arbitrators or Umpire making the award. And it is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Certificate that the award by such Arbitrator, Arbitrators or

Umpire of the amount of the loss or damage if disputed shall be first obtained. The cost of an Arbitrator shall be borne by the party by whom he was appointed, and the costs of the Umpire shall be borne in equal shares by the Participant and Takaful Brunei Am Sdn Bhd.

15) Takaful Principles and Distribution of Underwriting Surplus

Tabarru'

The Participant hereby entrusts to Takaful Brunei Am Sdn Bhd, of which 65% of the Takaful contribution will be donated as Tabarru' into the General Takaful Fund to help other eligible Participants under the takaful contract.

Wakalah

The Participant hereby appoints Takaful Brunei Am Sdn Bhd as Wakeel (agent) to administer, manage, invest and distribute the General Takaful Fund to other Participants in times of misfortune subject always to the terms and conditions stated in the Takaful Certificate and Schedule. To this end, the Participant agrees to give apportionments 35% of the Takaful contribution to Takaful Brunei Am Sdn Bhd as a Wakalah Fee for the aforementioned services.

Distribution of Underwriting Surplus

The Participant hereby understands and agrees that the underwriting surplus arising from the said Fund, if any, shall be managed by Takaful Brunei Am Sdn Bhd in a manner deemed fit by Takaful Brunei Am Sdn Bhd and accordance to Shariah principles which shall give benefits to the Participant and the said Takaful Fund.

The Participant also understands that as agreed and approved by the Shariah Advisory Body of Takaful Brunei Am Sdn Bhd, the underwriting surplus will only be distributed to the Participant as hibah upon renewal of this Takaful Certificate PROVIDED THAT the Participant has not incurred any claim and received any benefit under this Takaful Certificate whilst it is in force. If there is no renewal on this Takaful Certificate, the Participant further agrees that there is no underwriting surplus shall be distributed to the Participant and it shall be made as Tabarru' in the General Takaful Fund for the benefits of the takaful participants and the General Takaful Fund itself.

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 Takaful Brunei Am Sdn Bhd not later than 10 (ten) days after the close of each month either with copies of the aforesaid stockbook 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. Stockbook 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 Contribution on a pro-rata basis. This additional Contribution shall not be taken into account in the final adjustment of Contribution as provided for in Memo 2.

Memo 2 - Contribution

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

The Contribution payable at the commencement of any one (1) year of takaful shall be a deposit Contribution based on 75% of the sum covered as specified in the schedule and shall be subject to adjustment at the end of each year of takaful in accordance with the stockbook copies or the monthly declarations submitted to Takaful Brunei Am Sdn Bhd.

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