



नॉर्थ ईस्टर्न इलेक्ट्रिक पावर कॉर्पोरेशन लिमिटेड

(भारत सरकार का उद्यम)

NORTH EASTERN ELECTRIC POWER CORPORATION LTD.

(A Govt. of India Enterprise)

Office of the Executive Director, Contracts and Procurement
Brookland Compound, Lower New Colony, Shillong- 793003
Phone No.0364-2227784; E-mail: contract_neepco@yahoo.com
www.neepco.co.in; CIN - U40101ML1976GOI001658
ISO - 9001 :2015, 14001 :2015 & 45001 :2018

Corrigendum No. 03 Dated 09.01.2020

To

NIB No. 344 DATED 17.12.2019

Name of Work: Limited Tender for undertaking "Mega Risk Insurance Policy for Kameng Hydro Electric Project (600 MW), West Kameng District, Arunachal Pradesh for a period of 1(one) year"

1. The last para under Section-II, Information for Bidders of the Bid Document i.e. "*The other assets of NEEPCO indicated above are presently covered by Insurance Policies mentioned alongside. NEEPCO reserves the right to subsequently include these assets in the Mega Risk Policy at updated Sum Insured by paying additional premium on pro rata basis and enable their coverage within the policy*" is deleted.
2. Under Clause 2.2: Financial Criteria, Section-III, Instruction to Bidders of the Bid document, additional criteria at Sl. No. 4 is included, which is given as below:

Sl. No.	Criteria	Documents Required
4.	The participating insurance companies / bidders shall meet the required solvency ratio as prescribed by the IRDAI and submit an undertaking to that effect indicating their solvency ratio along with supporting documents.	The bidder shall submit the Form F-11: Undertaking on Solvency Ratio under Section-VII (Part-A), along with relevant documents in support of their undertaking on Solvency Ratio.

The Form F-11: Undertaking on Solvency Ratio is attached at **Annexure-I**.

3. Under Section-IV, of the Bid Document stands modified. The **modified Section-IV: Scope of Insurance Coverage** of the Bid Document is attached at **Annexure-II**.
4. The term "Third Party Liability" wherever indicated in the Bid Document shall be read as "**Public Liability Industrial Risk**".
5. Following Clauses under Section-V, Conditions of Insurance Policy of the Bid Document stands modified as below.
 - i) 3rd & 4th Line under Heading of Section-V at Page-26 shall be read as
"CONDITIONS FOR MEGA RISK INCLUDING TERRORISM & PUBLIC LIABILITY INDUSTRIAL RISK INSURANCE POLICY FOR KAMENG HYDRO ELECTRIC PROJECT (600 MW), WEST KAMENG DISTRICT, ARUNACHAL PRADESH"
 - ii) **Clause 2.0(b) shall be read as**
"The insurer within 45 (forty five) days from the date of the issue of letter of award shall complete the process of determination of reinstatement/ replacement value of the assets of the Project through Govt. approved valuer, at no extra cost and submit the final valuation report to the Insured for approval. The reinstatement cost approved by Insured shall be considered as the Sum Insured for the purpose of the policy. In case of increase in Sum Insured, the Insured shall pay additional premium on pro-rata basis to the Insurer."

- iii) **Clause 2.0(f) shall be read as**
"Any addition of capacity in the existing Power Station during the currency period of Policy shall be covered by making additional premium payment on pro-rata basis at same rates, terms and conditions of the original policy subject to Incurred Claim Ratio (ICR) remaining less than 60% of the premium".
 - iv) **Clause 2.0(g) shall be read as**
"Sum-Insured for the purpose of Policy execution may be revised at the discretion of Insured during the currency of the policy with pro-rata adjustment of premium subject to Incurred Claim Ratio (ICR) remaining less than 60% of the premium"
 - v) **Clause 2.0(h) shall be read as**
"Any increase/ decrease in sum-insured including addition of capacity in the existing Power Station during the currency period of Mega Risk including Standalone Terrorism Policy, the insurer shall complete the placement of risk within two weeks from the date of intimation by the Insured."
 - vi) **2nd para of Clause 3.0 shall be read as**
"If the insured declares at the latest twelve months after the expiry of any policy period that the Actual Gross profit of NEEPCO Power Stations during the Policy Period based on Audited Accounts for the financial year(s) covered by the Policy, was less than the sum insured thereon, a pro-rata return of premium not exceeding 50% of the premium paid for the policy period on excess sum insured shall be made by the Insurer. Gross Profit for the policy period suitably adjusted to Indemnity period shall be calculated as per CERC norms based on the actual PAF and Generation etc. for that period of particular financial Year on annualized basis."
 - vii) **Clause 14.0 shall be read as**
"Under insurance on each item of the Schedule appearing under Section -I & II (Material Damage) of Mega Risk Policy and Standalone Terrorism Policy will be ignored if it does not exceed 20%.
No under-insurance will be applicable for Section-III (Business Interruption) i.e., no under- insurance penalty shall be applied in case of Business Interruption claim. However, the insurance Co. will indemnify the loss for Business Interruption based on the sum-insured as per methodology given in Clause 3 of Condition of policy within 12 months from the end of Policy period."
 - viii) **Clause 19: EXTENSION OF POLICY is deleted.**
6. Following Clauses under Section-VII(Part-B), FORM-A: PRICE SCHEDULE of the Bid Document stands modified as below.
- (i) At Sl. No. 7, the name of cover "Third Party Liability cover for Property Damage" shall be read as **"Public Liability Industrial Risk cover for Property Damage"**.
 - (ii) At Sl. No. 8, the name of cover "Third Party Liability cover for Bodily Injury/ Loss of Life" shall be read as **"Public Liability Industrial Risk cover for Bodily Injury/ Loss of Life"**.
- In this regard, it may be mentioned that system does not allow to modify the uploaded Excel file of Form-A: Price Schedule under Price Bid in the portal. As such, Bidders are advised to additionally attach the modified Form-A: Price Schedule in pdf file along with the Form-B: Breakup of Premium under Price Bids.
7. Following Clauses under Section-VIII(A), Mega Risk Policy Wording of the Bid Document stands modified as below.
- (i) **Clause A.4.2.22 'Settlement of Disputes' (page-72) shall be read as**
"The Settlement of Disputes shall be dealt as per Clause No. 16 of Section-V, Conditions of Insurance Policy"
 - (ii) **Clause B.3.11.6 "Underinsurance (page-93) shall be read as:**
"No under-insurance will be applicable for Section-III (Business Interruption) i.e., no under- insurance penalty shall be applied in case of Business Interruption claim. However, the insurance Co. will indemnify the loss for Business Interruption based on the sum-insured as

per methodology given in clause 3, Section-V of the Bid Document within 12 months from the end of Policy period."

(iii) **4th Para of Clause B.1.5.2 "Reinstatement Value Conditions shall be read as:**

"The replacement or reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of The Insured or by other alternative real capital investment made for the benefit of the business subject to the liability of The Insurer not being thereby increased) shall be Commenced and completed within 24 months (twenty four months) after the occurrence of the damage or within such further time as The Insurer may grant. Suitable extension, if required, shall be granted for completion of the job".

8. Under Section-VIII(C), 1st Line under Heading at Page-109 shall be read as "Public Liability Industrial Risk Insurance Wording".

All other terms and conditions contained in the Detailed Bid Document shall remain unchanged.

Aljazzari
09/01/2020
/ Chief General Manager (C)
i/c Contracts & Procurement

SECTION-VII (PART-A)

FORM F-11

UNDERTAKING ON SOLVENCY RATIO

(In original on Company's Letter head)

This is to certify that(Name of Insurance Company)..... has the required Solvency Ratio as prescribed by IRDAI. The Solvency Ratio of(Name of Insurance Company)..... for the last financial year 2018-19 is

Date:.....

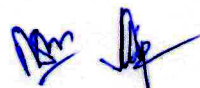
Place:.....

Signature:.....

Name :

Seal :

Note: The Bidder shall attach the relevant documents in support of their undertaking on Solvency Ratio.



**Annexure-II**

SECTION-IV
SCOPE OF INSURANCE COVERAGE

1.0 NEEPCO intends to take "Mega Risk Insurance Package Policy including Terrorism and Public Liability Industrial Risk Insurance Policy" (Hereinafter referred to as Mega Risk Policy) for Kameng Hydro Electric Project with the following provision.

2.0 **SCOPE OF INSURANCE COVERS**

The Mega Risk Policy shall cover the property insured & generation loss, if accidentally physically lost/destroyed or damaged by the perils covered under this Policy. The coverage will be on an All Risk basis as per **Munich Re wordings**, which is attached at Section-VIII(A), Section-VIII(B) & Section-VIII(C) of the bid document for Liabilities including the following:

1) **Mega Risk Policy**

(i) Fire and allied perils like

- a) Fire caused by any reasons including Internal, External, Impact etc.
- b) Lightning;
- c) Explosion / implosion,
- d) Aircraft damage,
- e) Riot, strike, malicious damage (RSMD);
- f) Storm, cyclone Typhoon, Tempest Hurricane, Tornado, Flood & inundation (STFI);
- g) Impact damage;
- h) Subsidence & Landslide including rockslide;
- i) Bursting & Overflowing of Water tanks, Apparatus & pipes;
- j) Missile testing operations;
- k) Leakage from automatic sprinkler installations;
- l) Bush fire; &
- m) Burglary

(ii) Earthquake (Fire and Shock).

(iii) Machinery Breakdown (MBD) / Boiler explosion/Electronic equipment.

(iv) Business Interruption (BI) which shall include Fire Loss of Profit (FLOP) & Machinery Loss of Profit (MLOP).

2) **Terrorist Damage (Material Damage + Business Interruption (BI) Loss).**

3) **Public Liability Industrial Risk Insurance Policy as per Policy wording given in Annexure-VIII(C) but not limited to above perils.**

The Policy coverage and terms & Conditions shall be in line with the Policy Wordings attached only. No deviation from the attached Policy Wordings will be allowed by NEEPCO. However, if any change in the policy wordings desired by Re-insurer, which do not affect the material content of the policy, the same can be considered by NEEPCO.

The In-Built Extensions, add-on covers, terms and conditions shall be provided to NEEPCO without any financial implication.

3.0 **SECTION-WISE SUM-INSURED**

i) The details of Sum-Insured for respective Section/Risk nature are as follows:

A. **Mega Risk Policy for Kameng H. E. Project**

Sl. No.	Section/ Nature	Sum Insured (in Rs.)
1.	MEGA Cover (Property Damage)	6325,11,99,577.65
2.	Earthquake (EQ) (including plinth & foundation)	6325,11,99,577.65
3.	Machinery Breakdown (MBD)	1018,92,97,189.99
4.	Business Interruption (FLOP + MLOP)	
	FLOP	541,88,00,000.00 (12 months)
	MLOP	541,88,00,000.00 (12 months)

**B. Terrorism Cover for Kameng H. E. Project:**

Terrorist Damage (Material Damage + Business Interruption (BI) Loss)	Rs. 6325,11,99,577.65 + Rs. 541,88,00,000.00 = Rs. 6866,99,99,577.65
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C. Public Liability Industrial Risk Insurance cover for Kameng H. E. Project:

1. Public Liability Industrial Risk for Property Damage:	Rs.75 Crores (AOA/AOY)
2. Public Liability Industrial Risk for loss of Life/Bodily injury: <i>(Limit for liability in case of death and Permanent disability or bodily injury shall be worked out and payable as per the extant Law with maximum liability limit of Rs.25 Crore- AOA/AOY).</i>	Rs. 25 Crores

N.B. – 1. The Sum-Insured indicated under Business Interruption (FLOP + MLOP) is considered as the Annual Gross Profit for Unit-I & Unit-II only. Upon Commissioning of Unit-III & Unit-IV, the Sum-Insured for Business Interruption (FLOP + MLOP), MD, EQ, MBD & Terrorism shall be revised at the discretion of NEEPCO during the currency of the policy on Pro-rata basis subject to Incurred Claim Ratio (ICR) remaining less than 60% of the premium.

4.0 DETAILS OF COVERAGE:

The Scope of Mega Risk Policy shall include assets of Kameng Hydro Electric Project (4x150 MW), Arunachal Pradesh. This will include all Plants, Equipment, Buildings, Township, Roads, Bridges, Dams, Tunnels, Penstocks, Surge Shaft & other Civil works, Mechanical works, Electrical works, Switch Yards, Transmission Lines etc. The policy wording provided is a draft outlining the covers and contain the standard wordings.

The add-on covers required will over-ride any policy wording stating otherwise, for the similar risk. The final policy issued will not have mention of any wording/ clause/exclusion which contradicts the cover required as per the tender and as per the add-on covers.

The Assets list of Kameng Hydro Electric Project is attached as Section-VI of the bid document and sum insured under BI cover is indicated at 3.0(i) above of this Section. These details are only by way of summary. The policy coverage and terms and conditions shall be in line with Mega Risk Policy and detailed coverage as above.

4.1 The following shall also be covered in the Policy:**i) Additional Insurance Covers under Mega Policy:**

Type of Covers		Sub-Limit(Rs.)
Section I – All Risk of Physical Loss or Damage /Non- Marine Property (excluding machinery Insurance)	Expediting expenses including Airfreight	10 Crs.
	Architects, Surveyors, & Consulting Engineers fees	5 Crs.
	Cost of Demolition and/or Removal of Debris including Foreign Debris / dewatering expenses.	20 Crs
	Loss minimization / Loss prevention expenses	5 Crs.
	Capital additions / Newly Acquired Property / Interest	25 Crs
Section II – All Risk of Physical Loss or Damage / Machinery Insurance	Underinsurance	20%
	Escalation Clause	7%
	Omission to Insure, Additions, Alterations or Extensions	10 Crs.
	Immediate repair/relief/Minor Repairs	5 Crs.
	Temporary removal	50 Crs.
	Inland Transit of equipment	15 Cr. (single carrying limit)



	Property in the course of construction / erection.	100 Crs.
	Plans, Documents & Computer Records	5 Crs.
	Additional Customs Duty	5 Crs.
	Deliberate damage	5 Crs.
	Property not on Insured Premises/Off Premises	5 Crs.
	Shut down/Start up Expenses	5 Cr.
	Employee Belongings	5 Cr.
	Claims Preparation cost for Material Damage (MD)	1 Cr
	Pair & Set clause	5 Cr.
Section –III: All Risk Business Interruption Loss	Professional Accountants Clause	5 Cr.
	Additional increased Cost of Working	10 Crs.
	Claims Preparation cost for Business Interruption (BI)	1 Cr.
	Prevention of Access	Actual (within Sum-insured)
	Interdependency	Actual (within Sum-insured)

- ii) In addition to above, the following provisions shall be admitted in the Policy:
- Reinstatement values clause
 - Designation of Property Clause.
 - Local authority clause
 - Goods held in trust clause
 - Agreed Bank clause (names to be furnished)
 - Impact Damage due to own vehicles, forklifts , including overhead and all type of cranes and construction equipment
 - Denial of Access due to any reason including the orders of civil, public and local authority
 - 72 hours clause
 - Waiver of Subrogation Clause
 - Waiver of contribution clause
 - On Account Payment Clause
 - Departmental clause
 - Alternative Basis Clause
- iii) Cracking & Collapse in Galleries, Tunnels, Surge Shaft, Dams, Penstocks, Hydro-Mechanical Structures/Equipment, Electro-Mechanical Equipment, Hydro-Mechanical Gates, Valves and Buildings per se both underground and on the surface due to an insured peril is to be included in the coverage of the scope of the policy.
- iv) All Equipment/machinery having electronic parts/software systems & computer control system/ external media/increased cost of workings shall be covered in the scope of the policy.
- v) Assets like drainage, culvert, pavements, roads, dams, reservoirs, canals, pipe lines, tunnels, bridges, piers, compound/retaining walls, landscapes and Gardeners etc. and all other civil works including township and underground civil works except land, property in transit within premises are specifically included in schedule of assets. Properties in the course of construction shall also be covered in the scope of coverage.

5.0 Deductibles

5.1 For MEGA Cover:

- 5.1.1 5% of claim amount subject to a minimum of Rs. 1.25 Cr. for material damage & for Business interruption (BI) Deductible shall be 30 days of Gross Profit for FLOP and 45 days of Gross Profit for MLOP of the affected Power Station".
- 5.1.2 Deductible for Burglary/RSMD (Riots, strike, malicious damage) to be: 5% of claim amount subject to minimum of Rs. 1 lakh for each & every occurrence.



- 5.1.3 Deductible for Electronic equipment to be: 5% of claim amount subject to minimum of Rs. 1 lakh for each & every occurrence.
- 5.1.4 Deductible for property under course of construction/erection to be: 5% of claim amount subject to minimum of Rs. 5 lakh for each & every occurrence.
- 5.1.5 Deductible under Inland transit to be: 5% of claim amount subject to minimum of Rs 1 lakh for each & every occurrence.
- 5.1.6 Deductible for add-on covers operating in isolation: 5% of claim amount subject to minimum of Rs.25 lakh.
- 5.2 For Terrorism Cover:**
Flat excess of Rs 50 lakh for material damage & for Business interruption (BI) 7 days of Gross profit of the affected Power Station.
- 5.3 For Third Party Liability Cover:**
- 5.3.1 Deductible for each & every loss against Property Damage: **Rs 1 lakh.**
- 5.3.2 Deductible in case of Bodily injury or loss of life: **NIL**
- 6.0 POLICY PERIOD**
The Policy period shall be for a period of 1(one) year w.e.f. the date of release of premium.
- 7.0 VALUATION OF ASSETS**
- 7.1 The insurer within 45 (forty-five) days from the date of the issue of letter of award shall complete the process of determination of reinstatement/ replacement value of the assets of the Project through Govt. approved valuer, at no extra cost and submit the final valuation report to the Insured for approval. The reinstatement cost approved by Insured shall be considered as the Sum Insured for the purpose of the policy. In case of increase in Sum Insured, the Insured shall pay additional premium on pro-rata basis to the Insurer.
- 7.2 NEEPCO reserves the right to revise (upward or downward) the sum insured based on the final valuation report. Upward revision of sum insured shall be effective from the date of receipt of premium. In case of reduction of sum insured, it will be applicable from the date of receipt of information by the insurer and pro-rata premium shall be refunded to NEEPCO within 7 days from date of receipt of such intimation by Insurer.
- 8.0 BUSINESS INTERRUPTION (FIRE LOSS OF PROFIT + MACHINERY LOSS OF PROFIT)**
- 8.1 INDEMNITY PERIOD FOR BI (FLOP + MLOP): 12 Months**
- 8.2 SUM INSURED FOR BI (FLOP + MLOP)**
The Business Interruption Sum Insured would be Gross Profit based on tariff applicable, as per CERC, Annual Plant Availability Factor based on the normative plant availability factor (NAPAF) etc. The Gross profit shall mean and include gross revenue for the purpose of loss of profit.
- 8.3 CHANGES IN SUM-INSURED**
NEEPCO shall have the right to increase the sum-insured of the project during the policy period by paying the required additional premium subject to Incurred Claim Ratio (ICR) remaining less than 60% of the premium as agreed with the insurer.
- 9.0 TERRORISM COVERS:**
- 9.1 Material Damage (MD) + Fire Loss of profits (FLOP) + Machinery Loss of Profit (MLOP) including Electronic Equipment breakdown shall be as under:-**
- i) Loss/damage of the property specified in the Tender against physical loss or physical Damage by an act or series of acts of terrorism.
- ii) Loss resulting from interruption of business relating to the premises affected by an act or series of acts of Terrorism, caused by direct physical loss or damage by an act or series of acts of terrorism.
- 9.2 Condition applicable to Terrorist Damage**
- a) The single limit of Rs. 2,200 crores with a sub limit of Rs.200 Crore War Cover which shall be applicable to the Project and any additions during the currency period of the policy.
- b) This policy shall be non-cancelable by the insurer/re-insurer.
- c) Intra-Project property in transit shall also be covered. Limit of liability for losses during Intra-Project



transit shall be Rs. 5 Crore for any one occurrence and in the aggregate.

10.0 PUBLIC LIABILITY INDUSTRIAL RISK INSURANCE COVERAGE:

10.1 Condition applicable for Public Liability Industrial Risk Insurance Claim settlement

The insurer shall reimburse the insured for payment towards loss/damage to third party or property of third party to affected person/legal heirs after completing formalities like FIR & submission of proof of death/damage, Internal Committee Report and Payment Proof. Also, an undertaking from claimants shall be obtained stating that they have received agreed amount as full and final settlement of their claims against NEEPCO and their insurance companies.

In case claimants are not satisfied with mutual compromise and initiate legal action against Insured, Insurance companies shall be exclusively liable to pay amount of award pronounced by the courts, within overall limit of liability set out in the policy in addition to legal costs incurred by NEEPCO to defend such cases.

Claim for Property Damage shall be settled by Insurance Co. based on Surveyor's Report. Insurance Co. shall not insist for the court order or liability to be imposed by court of law for settlement of the claims.

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