

# Hassan Mangalore Rail Development Company Limited

(A Joint Venture of Ministry of Railways & Govt. of Karnataka)

Regd. Office : MSIL House, 7th Floor, #36, Cunningham Road, Bangalore-560 052.

Tel : +91-80-2237 0581, Fax: +91-80-2237 0582, website : www.hmrdc.com

CIN NO.U45203KA2003PLC032183, E-mail: ceohmrdc@gmail.com

HMRDC/Accounts/14/Insurance Policy/2019

Dated 27.02.2019

All Insurance Companies.

Dear Sir,

**Sub: Insurance of HMRDC Property -Detailed Tender notification.**

Hassan Mangalore Rail Development Company Ltd., (HMRDC) was incorporated on 01.07.2003 as a joint ventures SPV with equal equity participation by Ministry of Railways and Government of Karnataka with the objective of Development, Financing, Designing, Construction, Operation and Maintenance of Broad-Gauge rail link connectivity between Hassan and Mangalore (referred to as Project Railway).

For the purpose of implementing Project Railway, Ministry of Railways (MOR) has granted concession rights to the company for the above activities for a Period of 32 years. The company has been given lease hold rights on the assets which already existed in the project area as a part of the earlier network including land for development of leased assets during the concession period. The company has insurable interest in the leased property by the virtue of the concession agreement.

The chainage length of the HMRDC line is 205.45 Kms including Loop Lines and out of which 108.4 Kms is in Ghat Section which is prone to land slide particularly during monsoon months in Karnataka, affecting movement of trains.

Right from the inception, heavy capital expenditure is being incurred providing various types of long-term protection works such as Retaining Walls, Gabian Walls, Boulder Networking Works, Re-profiling of Hill Slopes, and Side Drains in vulnerable areas, strengthening of bridges, tracks & formation. Besides these, protective works are being carried out to reduce / arrest disruption of activities and damages to the tracks due to landslide in the ghat section during rains.

In order to minimize loss and not to give scope for aggravation after the incidence of landslips few additional works are being carried out by railways at an additional cost viz Plugging of landslip points with sand bags and ballast kankar to avert flow of muck on the railway tracks, cutting of formation to divert nallah to avert flooding causing further damage to the tracks, felling of trees which causes further mud slides. Apart from that, as per safety standards of Indian Railways, the track is maintained with regular cleaning of side drains in order to ensure that, there is free flow of water without disturbing the formation and the track.

Right from 2008-2009 company is taking following types of insurance policies covering various risks.

- i. Standard Fire and Special Perils Policy with add on covers viz Earthquake – Fire & Shock, STFI, Terrorism - location wise as under.



Location		Kms Incl.
From	To	Loop Lines
Sakaleshpur	Donigal	9.76
Donigal	Kadagaravalli	10.64
Kadagaravalli	Yedakumari	8.43
Yedakumari	Shirivagilu	19.65
Shirivagilu	SBHR	12.47
SBHR	Bajakere	9.74
Bajakere	Kodembala	3.25
Kodembala	Yedamangala	4.44
Yedamangala	Kaniuru	10.13
Kaniuru	Narimogalu	9.30
Narimogaru	Kabakaputtur	10.59
	<b>Total</b>	<b>108.40</b>

ii. Business Interruption policy (FLOP) with add on covers viz Earthquake- Fire & Shock and Terrorism .

iii. Machinery Breakdown Policy.

iv. Public Liability Policy covering Accidental Death/ Damage of Third-Party Person/ Property.

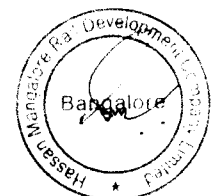
The present insurance policies were due for renewal on 12.01.2019. Due to circumstances beyond our control the policies were not renewed on the due dates. This enquiry is to renew the policies as per attachments Annexure A-D.

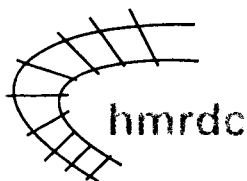
For underwriting purpose, we furnish below the following information.

#### I. Normal activities involved in restoration work.

i.	Blasting of Rocks, clearing and dumping in the valley
ii.	Clearing of Loose Earth consisting of all types of soil
iii.	Aligning / Replacement of damaged rails
iv.	Removal and replacement of damaged PSC Sleepers, Insertion of New Sleepers, & ballast replacement
v.	Dismantling of damaged Tracks, its Assembly, slewing and thorough packing
vi.	Clearing of Side Drains
vii.	Supplying and fixing of Grip Expansion Bolts, Cutting and Drilling of fish bolt holes and other track fixtures
viii.	Fabricating and Fixing of Check Rails and Check Rails in Curves, Worn out GR Pads etc.
ix.	Plugging of landslip points with sand bags and ballast kankar to avert flow of muck on the railway tracks
x.	Cutting of formation to divert nallah to avert flooding causing further damage to the tracks
xi.	Felling of trees which causes further mud slides

The restoration work is being continuously monitored / supervised by railway officials and their salary is being reimbursed by HMRDC.





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## II. Procedure adopted for claim intimation.

The following are the procedure adopted by railways for claim intimation.

- Major Landslips that are noticed which are affecting the movement of the trains in the section, are being informed immediately to enable HMRDC to intimate to the Insurance company for arranging survey.
- Minor Landslips, which are not a major hinderance for the operation of the train movement, noticed during course of restoration not intimated earlier will be intimated by railways by way of consolidated statement after completion of restoration job and such statement are furnished to insurance company/ surveyor to inspect the loss.
- Photographs are submitted for all major landslips. In respect of minor landslips photographs will be submitted wherever feasible.
- Railways will take between 4 to 6 months to submit their final bills for restoration work carried out. Thereafter only HMRDC will be able to prefer claim on insurance company.

## III. Claims experience

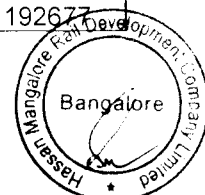
For past 3 years excluding expiring policy period the position of incurred claim is furnished below.

	Fire		FLOP		MBD		Public Liability	
Year	Premium	Claims	Premium	Claims	Premium	Claims	Premium	Claims
2015-16	58.59	55.22	20.62	Nil	2.52	Nil	0.52	Nil
2016-17	31.91	45.80	8.40	Nil	1.10	Nil	0.45	Nil
2017-18	27.01	44.99	5.26	Nil	1.06	Nil	0.01	Nil
<b>Total</b>	<b>117.51</b>	<b>146.01</b>	<b>34.28</b>	<b>Nil</b>	<b>4.68</b>	<b>Nil</b>	<b>0.98</b>	<b>Nil</b>

You may please observe that claims appears only in Fire Policy and while in FLOP , MBD and Public Liability there are no claims.

## IV. Pattern of landslips vis-à-vis claims preferred for past 3 years excluding expiring policy period.

		2015-16		2016-17		2017-18	
Insured Location		Date of	Amount	Date of	Amount	Date of	Amount
		landslip	Claimed	landslip	Claimed	landslip	Claimed
			Rs.		Rs.		Rs.
Sakaleshpur	Donigal	Jun-15	181865	Jun-16	169573	Jul-17	16634
Donigal	Kadagaravall	Jun-15	1297211	Jun-16	496700	Jul-17	192677



Kadagaravalli	Yadakumari	Jun-15	1468071	Jun-16	160720	Jul-17	1299734
				Jul-16	1928247	Aug-17	621524
Yadakumari	Shrivagilu	Jun-15	1023596	Jun-16	1153885	Jul-17	131485
		Jul-15	559479			Aug-17	407622
Shrivagilu	Subramnya Rd	Jun-15	625165	Jun-16	670678	Aug-17	1740770
						Oct-17	54113
Subramnya Rd	Bajkere		Nil		Nil		Nil
Bajkere	Kodembila		Nil		Nil		Nil
Kodembila	Yadimangala		Nil		Nil		Nil
Yadimangala	Kaniuru	Jul-15	366891		Nil	Jun-17	34423
Kaniuru	Narimogaru		Nil		Nil		Nil
Narimogaru	Kabakaputtar		Nil		Nil		Nil
		<b>Total</b>	<b>5522278</b>		<b>4579803</b>		<b>4498982</b>

#### V. Position of incurred claims during expiring policy period.

Country witnessed heavy rains during 2018 causing wide spread damages to lives and property. Karnataka is no exception.

Under Fire Policy there may be a claim to the extent of Rs 2 crores.

In respect of FLOP the tracks were closed for operation for 46 days during July 2018 on account of a huge rock falling on the tracks and heavy fall of earth on one tunnel, closed the mouth of the tunnel. The revenue loss on account of non-operation of line is estimated at Rs. 11 crores.

Restoration of the works have been done fully. Apart from that, to prevent the future eventualities, Capital works viz., Strengthening and Protecting of the slide slopes of cutting by using chain link mesh with high strength galvanized steel wire rope at various locations between SKLR and SBHR stations at an estimated cost of 12 crs have been sanctioned and the work is taken up during this year.

#### VI. Premium quote .

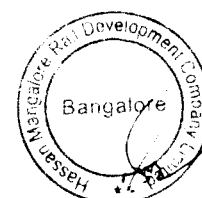
Your premium quote should be based on the following stipulations.

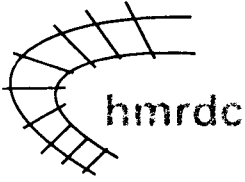
##### a. Standard Fire and Special Perils Policy.

- Policy to be issued location wise as mentioned
- **Deductible:** For fire cover 5% of the claim amount subject to a minimum of Rs. 25000/- as per location.

For Terrorism Cover – As per tariff.

- Inclusion of 72 hours clause.





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## b. Business Interruption Policy (FLOP)

- **Deductible: Loss of 7 days of Standard Gross Profit**

## c. Machinery Breakdown.

- **Deductible:** 1 % of sum insured for each machine subject to a minimum of Rs. 2500/-
- Self-Survey limit upto Rs. 50000/-

## d. Public Liability Policy.

- 1/4% of the limit of Indemnity for any one accident subject to minimum of Rs. 1000 and maximum of Rs. 100000/-

You may kindly furnish your most competitive premium rate for the risks envisaged as per Annexure A-D as per the conditions given above. You may submit your tender quotation in a sealed cover duly superscripted as **“Tender Quotation for Fire and other insurance coverage – HMRDC Property”** on the envelope on or before 15.03.2019 – 3p.m. addressed to Hassan Mangalore Rail Development Company Limited, MSIL House 7<sup>th</sup> Floor No. 36, Cunningham Road Bangalore – 560052 along with the following documents. The tender quotations will be opened on the same day after the stipulated time in the presence of the representatives of the Insurance companies who wish to be present.

## Documents to submit along with tender quotation.

- Certified copy of Latest IRDAI license.
- Gross premium underwritten vis-a vis claims paid under the proposed covers for the year 2017-18.
- Confirmation that no penalty is levied by IRDAI for violation of any rules.
- Confirming turnaround time for settlement of claims.
- Copy of PAN and GST.
- Certificate confirming acceptance of general terms and conditions governing the contract envisaged herein.

## VII. General terms and conditions of the contract:

1. A Pre-tender meeting is arranged for the benefit of the Insurance Companies on 08.03.2019. Those who are interested may attend on 08.03.2019 at 15.00 hrs., in HMRDC office.
2. HMRDC reserves the right to assess the insurer's capacity and capability to perform should the circumstances so warrant.
3. The sum insured given in the Annexure is only provisional and HMRDC reserves the right to increase or decrease the sum insured depending upon requirements during the award of the contract subsequently.
4. The premium should be indicated peril wise and applicable GST to be added to the premium.

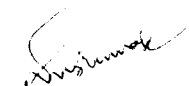


5. Discounts offered if any shall be clearly indicated in the offer. Discount offered should be in conformity with IRDAI rules. Discount once offered shall not be withdrawn subsequently during policy period.
6. For assessment of loss during the policy period, single surveyor should be appointed to survey the landslips that may occur on different locations on the same day or on different dates during the policy period, to avoid any confusion in understanding the nature of loss.
7. HMRDC will make payment of premium including GST to the successful insurance company. The Insurance Company will acknowledge the receipt of premium cheque and issue a letter confirming 'Risk Held Cover'.
8. Insurance company shall deliver the policy documents within 10 days of receipt of premium.
9. The policy should be operative throughout the year without interruption.
10. The Company reserves the right to accept or reject any or all of the tenders received without assigning any reasons.
11. The premium rates quoted by the insurance company shall be valid for a period of 30 days from the date of opening of the tender.
12. The sealed tenders shall be submitted strictly in conformity with this tender notification. Any deviation is liable for rejection of the tender. The tenders received in the sealed covers will only be validated and no further correspondence/reference made in continuation of the tender offered through any electronic or any other media/communication will not be entertained.

Our consultant M/s. AIMS Insurance Broking Pvt. Ltd., Thrissur, camp Bangalore will co-ordinate with you in the matter. You may please contact them for clarifications if any on the subject. The contact person is Mr. R.N. Padmanabha Mobile No. 9945036453.

Thanking you

Yours truly  
For Hassan Mangalore Rail Development Company Ltd.



S.N. Srinivasa  
Company Secretary

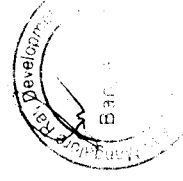
Encl: a/a

Cc: AIMS Insurance Broking Pvt. Ltd.

Property Covered	Location		Kms Incl Loop Lines	Value Rs.	Risk Covered	Sum Insured		Annexure A	
	From	To				Re Instatement	Value	Premium Rate	Premium
							Rs.	Mille	Rs.
Project Railway assets comprising of Bridges, Formation Including, Sidedrains, Permanent Way, Stations & Buildings, Plant & Machinery Including Electrification, Mechanical Items and Signal & Telecommunications, Tunnels, Equipments, Retaining walls, Sidedrains, Gabian Walls, Check rails, GR Pads, ER Clips, Metal Liners, and other protection works in progress in Ghat section measuring 108.4 Kms including LoopLines	Sakaleshpur Donigal Kadagaravalli Yedakumari Shirivagilu SBHR SBHR Bajakere Kodembala Yedamangala Kaniuru Narimogaru Kabakaputtur Total	Donigal Kadagaravalli Yedakumari Shirivagilu SBHR Bajakere Kodembala Yedamangala Kaniuru Narimogalu Kabakaputtur Total	9.76 10.64 8.43 19.65 12.47 9.74 3.25 4.44 10.13 9.30 10.59 108.40	506492327 552159668 437472368 1019730965 647126979 505454433 168657793 230412493 525693368 482620762 549564932 5625386088	Standard Fire & Special Perils Add on Covers Earthquake-Fire & Shock STFI Terrorism Removal of debris Add: GST @ 18% Total	5625386088 5625386088 5625386088 5625386088 56253861			

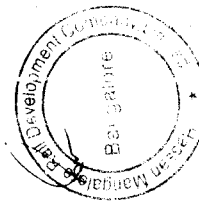
Expiring policy terms :

- Policy is issued location wise as above
- Deductible :
  - 5 % of the claim amount subject to a minimum of Rs. 25000/- as per locations for Fire Cover.
  - As per tariff for Terrorism Cover.
- Inclusion of 72 hours clause.



Risk Covered		Annexure B	
		Sum Insured	Premium
			Rate
Indemnity Period 3 months		Rs.	Mille
			Rs.
Fire (Consequential Loss of Profit) Insurance including Add on covers viz., Earthquake Fire & Shock, STFI & Terrorism		1377600000	
Estimated Gross Income		1205400000	
Standing Charges			
Admin and other expenses		34600000	
Depreciation		127500000	
Site Clearance Charges		1000000	
Auditors Fees		100000	
<b>Total</b>		<b>1377600000</b>	
Add: GST @ 18%			

**Existing Policy Terms :**  
7 days of Standard Gross Profit .







Risk Covered	Sum Insured	Annexure D	
		Premium	Premium
		Rate	
	Rs.	Mille	Rs.
Public Liability			
Accidental damage to the Third Party Property / Persons while at Work on the tracks.			
AOA	500000		
AOY	2500000		
	Add: GST @ 18%		

**Existing Policy Terms :**  
1/4 % of the limit of indemnity for any one accident subject to a minimum of Rs. 1000/- and maximum of Rs. 100000/-.

