

GOVERNMENT OF ANDHRA PRADESH  
FINANCE (WORKS & PROJECTS) DEPARTMENT

**Memo. No. 103971/F.8(1)/04-1**

**Dated: 10.09.2004**

Sub:- Public Works – Provision towards insurance in the Estimates at uniform rate instead of deferent rates of premium and reimbursement of thereof to be allowed only after the defect liability period made in the original Estimate without scope for enhancement in the R.E – Regarding.

Ref:- From the DWA, Hyd., Lr. No. DWA/Hyd/Sn-II/A1/Works/2004-2005/20, Dt: 26.07.2004.

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In the reference cited the Director of Works Accounts stated that the Joint Director of Works Accounts, W&P, Vijayawada, has raised certain points relating to insurance provision in the Estimates/Agreements.

2. The Director of Works Accounts has further mentioned that as per the orders in G. O. Ms. NO. 94, I&CAD Deptt., Dt: 01.07.2003 a lumpsum provisions be made in the abstract Estimate considering “Agreement period” and “defect liability period” ( 2 years for original works & 1 year for maintenance works) by obtaining details of insurance premium from the insurance organization. Further necessary condition should be incorporated in the tender document for suitable reimbursement to contractor from out of the above provision, however, not exceeding the amount included against each, on production of insurance policies. Failing to comply with the above reimbursement can not be allowed and the executive shall take insurance policy at the cost of contractor duly deducting the premium from the contractors bills. But the above provisions are not being implemented in the actual practice.

3. The Director of Works Accounts has requested for issuing suitable clarifications in this regard.

4. The matter has been examined and the following clarifications are issued.

(a)	Provision in the Estimates should be made from the commencing date till the end of defect liability period.	(a)	Insurance, risk cover should be provided from the date of commencement till the end of defect liability period.
(b)	It should be at the uniform rate instead of deferent rates as is being adopted by Agreement concluding authorities in the different Departments	(b)	The insurance premium amount paid by the agency shall be reimbursed on proof of payment and on producing policy.
©	It should be made for original and maintenance Estimates as R&B Department is not making provision in	©	Insurance coverage for maintenance works like filling pot holes, patch plastering, while washing

	maintenance works by deleting the insurance clause from the Agreement.		which are ordinary maintenance is not practicable or necessary.
(d)	It shall be made clear that provision shall not be enhanced in the R.E and the provision already made in the original Estimate alone shall be provided in part-II of the Agreement for making reimbursement.	(d)	On production of a documentary evidence of payment, the amount has to be reimbursed. In sufficient is not valid ground for restricting the claim as provision in the Estimate may not be accurate due to efflex of time, change in the guidelines and inappropriate provisions.
(e)	Insurance policy has to be obtained and produced by the contractor before concluding the Agreement	(e)	PAOs are advised not to admit the bills which are received without insurance.
(f)	There should be specific orders as to when the reimbursement becomes eligible. In R&B Department there exists a clause that insurance will be reimbursed only after the completion of defect liability period. As there is no such clause in the Agreements of other Department claims are presented even while the works are in progress and in some cases, as soon as the policy is taken by the contractor.	(f)	Regarding the time at which the insurance amount has to be reimbursed, it is for the administrative Department to take a decision to reimburse the insurance amount.

5. The above clarifications shall be followed scrupulously.

I.Y.R. KRISHNA RAO,  
PRL. SECRETARY TO GOVERNMENT.

To  
The Director of Works Accounts, Hyderabad  
All JDWAs of works & Projects/All the PAOs/  
The ENC/CEs of MA & UD/TR&B/I&CAD/  
I&CAD (PW) PR&RD Departments  
S/F/S.C.

//FORWARDED BY ORDER//

SECTION OFFICER

**Endt. No. JDWA/SACs/ /A1/04-05/310**

**Dt: 23.9.04.**

Copy communicated to all Pay & Accounts Officers/Asst. Pay & Accounts Officers for information.

Joint Director of Works Accounts,  
DOWLAOSWARAM.

Copy to ACB.