



भारतीय राश्ट्रीय राजमार्ग प्राधिकरण

(पोत परिवहन, सड़क परिवहन और राजमार्ग मंत्रालय)

National Highways Authority of India

(Ministry of Shipping, Road Transport & Highways)

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No.11041/21/2002/Admn.III

April 01, 2005

POLICY MATTERS-ADMINISTRATION/FINANCE [102/2005]

(Decision taken on Finance Division File No.NHAI/FW/PLI/E-37-A)

Sub: Guidelines on Professional Liability Insurance

Kindly refer to the Policy Circular No.09/2002 dt.19.6.2002 vide which the guidelines were prescribed for acceptance of professional liability insurance submitted by the Consultants. However, a question arose as to whether we may accept (i) policies against payment of yearly premiums, which are required to be valid for 5/10 years after the completion of the services under the contract and (ii) policies issued from outside India.

2. The matter has been reviewed and with a view to bring in uniformity in scrutinizing the proposals for payment to various Consultants, it has been decided that in respect of the on-going contracts with the DPR and Supervision Consultants, the procedure already laid down vide NHAI Policy Circular No.09/2002 dtd.19.06.2002 shall continue to be adhered to.

3. In respect of the future contracts, Technical Divisions may ensure that the following clauses shall be incorporated in all future RFP documents/Contracts :-

(i) Professional liability coverage may be described in the following way-

"Consultant will maintain at its expense; Professional Liability Insurance including coverage for errors and omissions caused by Consultant's negligence in the performance of its duties under this agreement, (A) For the amount not exceeding total payments for Professional Fees and Reimbursable Expenditures made or expected to be made to the Consultants hereunder OR (B) the proceeds, the Consultants may be entitled to receive from any insurance maintained by the Consultants to cover such a liability, whichever of (A) or (B) is higher."


(ii) The policy should be issued only from an Insurance Company operating in India.

(iii) The policy must clearly indicate the limit of indemnity in terms of "Any One Accident" (AOA) and "Aggregate limit on the policy period" (AOP) and in no case should be for an amount less than stated in the contract.

Contd..2/-

- (iv) If the Consultant enters into an agreement with NHAI in a joint venture or 'in association', the policy must be procured and provided to NHAI by the joint venture/in association entity and not by the individual partners of the joint venture/association.
- (v) The contract may include a provision whereby the Consultant does not cancel the policy midterm without the consent of NHAI. The insurance company may provide an undertaking in this regard.

4. This issues with the approval of Chairman.


[G.P. Chand]
General Manager (Admn.)

All Members

All CGMs/CVO/CPD/GMs

All DGMs/Managers

All PIUs/CMUs/SPVs

Copy for information to :

PS to Chairman

Librarian/Hindi Officer

Director (Audit), RAP, NHAI