



IFFCO-TOKIO GENERAL INSURANCE CO. LTD

Regd. Office: IFFCO Sadan, C-1, Distt. Centre, Saket, New Delhi-110017

**Advance Loss of Profit Policy
Policy Wording
UIN: IRDAN106CP0005V01202324**

In consideration of the Insured having paid to IFFCO-Tokio General Insurance Company Limited. (hereinafter referred to as the **Insurer**) the premium shown in the Schedule to this Policy, the Insurer shall indemnify the Insured as mentioned in the Schedule of this Policy - in respect of the loss of gross profit actually sustained due to the reduction in turnover and / or increased cost of working as defined in this Policy , if at any time during the period of insurance stated in the Schedule to this Policy any or all the insured items suffer loss or damage covered under the underlying Section 1 of Erection All Risk (EAR) / Contractors All Risk (CAR) Material Damage Policy number mentioned on the Schedule, unless specifically excluded in this Policy, thereby causing an interference in the construction/erection work and/or testing schedule resulting in a delay of commencement of and/or interference with the insured business, hereinafter referred to as the "**Delay**".

The amount payable as indemnity hereunder shall be:

- In respect of loss of Gross Profit: The sum obtained by applying the rate of gross profit to the amount by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the Delay not occurred;
- In respect of Increased Cost of Working: The additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which, without such expenditure, would have taken place during the indemnity period, but not exceeding the sum obtained by applying the rate of gross profit to the amount of the reduction in turnover thereby avoided.

If the annual sum insured hereunder is less than the sum obtained by applying the rate of gross profit to the annual turnover, the amount payable shall be proportionately reduced.

I. Definitions

All capitalized terms will have meanings assigned to it under this Policy unless defined hereinbelow. All terms used here refer to the terms used under the Schedule to this Policy or any endorsements hereof.

1. Period of Insurance

The period of insurance shall be the period stated in the Schedule to this Policy, terminating on the date specified in the Schedule or on any earlier date when the EAR/CAR Material Damage cover of Section 1 ceases.

2. Scheduled Date of Commencement of the Insured Business

The provisional date stated in the Schedule to this Policy or any revised date upon which the business would have commenced had the Delay not occurred.

3. Indemnity Period

The period during which the results of the business are affected in consequence of the Delay, beginning on the Scheduled Date of Commencement of the Insured Business and not exceeding the maximum indemnity period stated in the Schedule to this Policy.

4. Time Excess

The period stated in the Schedule to this Policy for which the Insurer is not liable. The corresponding amount shall be calculated by multiplying the average daily value of loss sustained during the indemnity period by the number of days agreed upon as the time excess.

5. Turnover

The amount of money (less discounts allowed) paid or payable to the Insured for goods, products or services sold, delivered or rendered in the course of the insured business conducted at the premises.

6. Annual Turnover

The turnover which, had the delay not occurred, would have been achieved during the 12 months after the Scheduled Date of Commencement of the Insured Business.

7. Annual Gross Profit

The amount by which the value of the annual turnover and the value of the closing stock exceeds the value of the opening stock and the amount of the specified working expenses. The value of the opening and closing stocks shall be calculated in accordance with the Insured's normal accounting methods, due provisions being made for depreciation.

Specified working expenses shall be any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies (unless required for the upkeep of operations) and any costs for packaging, carriage, freight, intermediate storage, turnover tax, purchase tax, licence fees and royalties for inventors, etc., insofar as such costs are dependent on turnover.

8. Rate of Gross Profit

The rate which, had the Delay not occurred, would have been earned on the turnover during the indemnity period.

9. Insured

The Insured Person/s, company or other entity shown in the policy Schedule who has/ have purchased insurance cover under this policy.

10. Schedule:

Schedule means the document which specifies, inter alia, the premium amount, details of the Insured and the Policy, Policy Period, Time Excess, limit of indemnity/sum insured, additional terms and conditions if any and is attached to and forming part of this Policy.

11. Specified Standing Charges:

Specified Standing Charges means any fixed costs specified in The Schedule which continue to be payable in full during the indemnity period

II. Specific Exclusion

The Insurer shall not be liable for

1. Loss of gross profit and/or increased cost of working due to any Delay caused by or resulting from –
 - 1.1 Loss or damage not covered under Section 1 of EAR/CAR Material Damage Policy, unless it has been specifically agreed in writing, by way of endorsement;
 - 1.2 Earthquake, volcanic eruption, tsunami, unless it has been specifically agreed in writing;
 - 1.3 Loss of or damage to surrounding property, construction machinery, plant and equipment;
 - 1.4 Loss of or damage to operating media or feedstock, shortage, destruction, deterioration of or damage to any materials necessary for the Insured business;
 - 1.5 Any restrictions imposed by a public authority;
 - 1.6 Non-availability of funds;
 - 1.7 Alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out after the occurrence;
 - 1.8 Loss or damage to items taken over or taken into use by the Insured or for which cover under the Section 1 of underlying EAR/CAR Material Damage Policy has ceased;
 - 1.9 Repair of any items which do not form part of the project description/details referred to in the Schedule hereto, even if such repair is in consequence of loss of or damage to an item which forms part of the project description/details referred to in the Schedule hereto.

2. Claims/circumstances made prior to the inception of the Policy or arising out of, based upon or attributable to any circumstance that, as of the inception of the Policy, may reasonably have been expected by Insured to give rise to a claim.
3. Any loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
4. Loss of business due to causes such as suspension, lapse or cancellation of a lease, licence or order, etc. which occurs after the date of actual commencement of the business;
5. Loss of or damage to erection work of a prototype nature, unless specifically agreed by endorsement.
6. Any loss resulting from damage occasioned by or happening through or in consequence, directly or indirectly, of any of the following occurrences, namely: -
 - a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war.
 - b) mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
 - c) confiscation, nationalization, commandeering, requisition or destruction by or under the order of any government de jure or de facto or by any public or local authority.
 - d) the acts of any person or persons acting on behalf of or in connection with any organization with activities directed towards the overthrowing or influencing of any government de jure or de facto by force or violence.

In any action suit or other proceeding where the Insurer alleges that by reason of the provisions of this condition, any loss or damage is not covered by this Policy, the burden of proving that it is covered shall be upon the Insured.

7. Any loss, damage or Delay directly or indirectly caused by, arising from, or contributed to or aggravated by:
 - a) ionizing radiations or radioactive contamination from any nuclear fuel or nuclear waste or from the combustion of nuclear fuel.
 - b) the radioactive, toxic, explosive or otherwise hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof.
 - c) any weapon of war employing atomic or nuclear fission or fusion or any other similar reaction or radioactive force or matter.

In any action suit or other proceeding where the Insurer alleges that by reason of the provisions of this condition any loss or damage is not covered by this Policy, the burden of proving that it is covered shall be upon the Insured.

8. **Terrorism Damage Exclusion Warranty**

Notwithstanding any provision to the contrary within this insurance it is agreed that this insurance excludes loss, damage cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this warranty an act of terrorism means an act, including but not limited to the use of force or violence and /or the threat thereof, of any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or governments(s) committed for political, religious, ideological or similar purpose including the intention to influence any government and / or to put the public, or any section of the public in fear.

The warranty also excludes loss, damage, cost or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or to in any way relating to action taken in respect of an act of terrorism.

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expenses is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

III. Provisions

Memo 1 - Extension of Period

Any extension of the period of insurance under Section 1 of the underlying EAR/CAR Material Damage Policy shall not automatically lead to an extension of the period of insurance stated in the Schedule to this Policy.

Any extension of the Period of Insurance under this Policy shall be requested in writing as early as possible by the Insured, stating the circumstances leading to the need for extension, and shall have effect for this Policy only if specifically agreed upon in writing.

Any alteration of the Scheduled Date of Commencement of the Insured Business shall be reported and shall have effect for this Policy only if specifically agreed upon in writing.

Memo 2 - Basis of Loss Settlement

In calculating the rate of gross profit and annual turnover, the following points shall in particular be taken into consideration:

- a) The results of the insured business for the 12-month period after commencement of commercial operations,
- b) Variations and special circumstances which would have affected the insured business had the Delay not occurred,
- c) Variations and special circumstances affecting the insured business after commencement, so that the final figures represent as closely as may be reasonably practicable the results which the insured business would have obtained after the Scheduled Date of Commencement of the commercial operations had the Delay not occurred.

Memo 3 -Return of Premium

If the Insured declares (certified by the Insured's auditors) that the gross profit earned during the accounting period of twelve months following the commencement of the insured business or the date on which, but for the delay, the business would have commenced was less than the sum insured thereon, a pro-rata return of premium, not exceeding one third of the premium paid, shall be made in respect of the difference. If any loss or damage has occurred giving rise to a claim under this Policy, such return shall be made in respect only of so much of said difference as is not due to such damage.

IV. Special Conditions

1. The Policy and Policy Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or the Policy Schedule
2. The Insured shall present the Insurer with updated progress reports at intervals stated in the Schedule to this Policy.
3. The Insured is required to take all steps within its power to minimize the Delay.
4. In the event of any material change in the original risk such as
 - a) Changes of the envisaged progress programme, testing procedure, etc.
 - b) Alteration, modification or addition to any item of machinery or work, etc.
 - c) Departure from prescribed construction or operation conditions
 - d) Changes in the Insured's interest (such as discontinuation or liquidation of the Business or its being placed in receivership) taking place, the Policy shall be void unless its continuance be agreed by memorandum signed by the Insurer.
5. In the event of any occurrence which might cause a Delay and give rise to a claim under this Policy:
 - a) The Insured shall immediately notify the Insurer by telephone or email or facsimile and send them written confirmation thereof within forty-eight hours of the occurrence;
 - b) The Insured shall do and concur in doing and permit to be done all such things as may be reasonably practicable to minimize or establish the extent of any interference with the erection work and/or construction work and/or testing schedule so as to avoid or diminish any delay resulting therefrom.
 - c) The Insurer and every person authorized by the Insurer shall, without prejudice to any Insured by this Policy, have access to the erection and /or construction site where such loss or damage has occurred for the purpose of direct negotiation with the responsible

contractor or subcontractor in order to establish the possible cause and extent of the loss or damage, its effect on the insured items, to examine the possibilities for minimizing any delay to the Scheduled Date of Commencement of the Insured Business, and if necessary to make any reasonable recommendations for the avoidance or minimization of such delay.

This condition shall be evidence of the leave and licence of the Insured to the Insurer so to do. If the Insured or anyone acting on his behalf hinders or obstructs the Insurer during any of the above- mentioned acts or does not comply with such recommendations of the Insurer, all benefits under this Policy shall be forfeited.

6. In the event of a claim being made under this Policy, the Insured shall at his own expense deliver to the Insurers not later than thirty days after the delay or within such further periods as the Insurer may allow, in writing a written statement setting forth particulars of his claim. Further, the Insured shall at his own expense produce and furnish to the Insurer such books of account and other business books, e.g., invoices, balance sheets and other documents, proofs, information, explanations or other evidence as may reasonably be required by the Insurer for the purpose of investigating or verifying the claim, together with-if required -a statutory declaration of the truth of the claim and of any matters connected therewith.
7. The indemnity shall be payable one month after final determination of its amount. Notwithstanding the above, the Insured may, one month after the Insurer has been duly notified of the loss and have acknowledged their liability, claim as advance payment(s) the minimum amount(s) payable under the prevailing circumstances under this Policy.

The Insurer shall be entitled to postpone payment:

- a) If there are doubts as to the Insured's right to receive payment, until the necessary proof is furnished to the satisfaction of the Insurer;
 - b) If, as a result of any loss or damage or any delay to the Scheduled Date of Commencement of the Insured Business, police or criminal investigations have been initiated against the Insured, until the completion of such investigations. The Insurers shall not be liable to pay interest on indemnity moneys withheld other than interest for default.
8. The Insurers shall have free access to inspect the books of accounts of the Insured.
 9. **Contribution:** If at any time of the happening of any loss or damage covered by this Policy there shall be subsisting any other insurance of any nature whatsoever covering the same, whether effected by the Insured or not, then the Insurer shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.
 10. **Subrogation:** The Insurer shall be entitled to be subrogated into the position of the Insured vis-à-vis any third party claim that may arise against the Insured, in respect of covered losses. The Insured and any claimant under this Policy shall at the expense of the Insurer do or concur in doing and permit to be done all such acts and things that may be necessary or reasonably required by the Insurer for the purpose of enforcing any right and remedies or obtaining relief or indemnity from other parties to which the Insurer shall be or would become entitled or subrogated upon the Insurer paying for or making good any loss or damage under this Policy whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by the Insurer.
 11. **Fraud:** If any claim under this Policy shall be in any respect fraudulent or if any fraudulent means or devices are used by the Insured to obtain any benefit under this Policy, all benefits and rights under the Policy shall be forfeited.
 12. **Cancellation Clause**
 - a) This contract of insurance shall be deemed cancelled since inception, if the policy has been obtained by the insured by misrepresentation or non-disclosure of material facts or fraud and all the benefits under the policy shall be forfeited.
 - b) The Insurer may also cancel the policy on account of non-cooperation, or change in risk, by giving thirty days' notice in writing and refund premium corresponding to the project period elapsed (excluding maintenance period) as on date of cancellation unexpired period on pro-rata basis. However, no refund shall be made in case a claim or any event giving rise to a claim has occurred before date of cancellation.

- c) The policy may also be cancelled by the insured during the policy period by giving thirty days' notice in writing to the Insurer. The Insurer shall allow refund of premium on short period scale as given below, corresponding to the project period elapsed (excluding maintenance period) as on date of cancellation. However, no refund shall be made in case a claim or any event giving rise to a claim has occurred before date of cancellation.

Project Period Elapsed (Period excluding maintenance Period)	Premium Retention (of total ALOP premium received)
Not exceeding 10%	20%
Not exceeding 25%	40%
Not exceeding 40%	60%
Not exceeding 50%	70%
Not exceeding 75%	85%

13. Arbitration and Disclaimer

"The parties to the contract may mutually agree and enter into a separate Arbitration Agreement to settle any and all disputes in relation to this policy.

Arbitration shall be conducted under in accordance with the provisions of the Arbitration and Conciliation Act, 1996."

14. Law and Jurisdiction

This insurance shall be governed by and construed in accordance with the laws of India and the courts of India shall have exclusive jurisdiction to adjudicate any dispute.

15. SANCTION LIMITATION AND EXCLUSION CLAUSE (LMA 3100)

No insurer shall be deemed to provide cover and no insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

16. DISCLOSURE TO INFORMATION NORM

The Policy has been issued on the basis of the information provided in respect of the Insured in the proposal form, personal statement and any other details submitted in relation to the proposal form/personal statement. The Policy shall be void and all premium paid hereon shall be forfeited to us, in the event of misrepresentation, mis-description or non-disclosure of any material fact. If at the time of issuance of the Policy, any fact in the material information provided to the Insurer in the proposal form or otherwise either by the Insured or by anyone acting on behalf of the Insured is found to be incorrect, incomplete, suppressed or not disclosed, wilfully or otherwise, the Policy shall be void, and no benefit will be payable thereunder.

17. OBSERVANCE OF TERMS AND CONDITIONS:

The due observance and fulfilment of the terms, conditions and endorsement of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal shall be a condition precedent to Insurers liability to make any indemnity payment under this Policy.

18. STATUTORY COMPLIANCE

Insured shall comply with all statutory and other regulations.

19. ALTERATIONS IN THE POLICY

This Policy constitutes the complete contract of insurance. No change or alteration will be effective or valid unless approved in writing which will be evidenced by a written endorsement, signed and stamped by Insurer.

20. ASSIGNMENT

This Policy and any rights or obligations of the Insured under or in respect of it cannot be assigned without Insurers prior written consent.

21. NOTICES & COMMUNICATIONS:

Any notice or communication in relation to this Policy will be in writing and if it is to

- i. Insured, then it will be sent to you at your address specified in the Schedule.
- ii. Insurer, it will be delivered to our address specified in the Schedule or this Policy. No insurance agents, insurance intermediaries or other person or entity is authorized to receive any notice or communication on Insurer's behalf.

22. GRIEVANCE OR COMPLAINT:-

In case of any grievance, the insured person may contact Us through:

Website: <https://www.iffcotokio.co.in/contact-us/customer-services/grievance-redressal>

Toll free: 1800-103-5499

E-mail: support@iffcotokio.co.in

Courier: Chief Grievance Officer
IFFCO-Tokio General Insurance Co Ltd
IFFCO Tower, Plot no. 3
Sector -29, Gurgaon – 122001

Insured person may also approach the grievance cell at any of the company's branches with the details of grievance. The list of branches with addresses are available at <https://www.iffcotokio.co.in/contact-us>

If Insured person is not satisfied with the redressal of grievance through one of the above methods, insured person may contact the grievance officer at chiefgrievanceofficer@iffcotokio.co.in

For updated details of grievance officer, kindly refer the link

<https://www.iffcotokio.co.in/contact-us/customer-services/grievance-redressal>

V. Clauses

Following are the wordings of the clauses under the policy. Only those clauses stand covered which are mentioned on the schedule of the policy. Rest of the clauses stand deleted for all purposes.

The applicable clauses mentioned on the schedule are part of the policy and shall be taken into account for interpretation and determination of coverage and liability under the policy.

1. Agreed Bank Clause:

All policies in which a Bank/Financial Institution has interest shall be issued in the name of Bank/Financial Institution and owner or mortgagor and shall contain a suitable clause to protect their interest. Wordings of the Clause is given hereunder.

"It is hereby declared and agreed: -

- i. That upon any monies becoming payable under this policy the same shall be paid by the Insurer to the Bank and such part of any monies so paid as may relate to the interests of other parties insured hereunder shall be received by the Bank as Agents for such other parties.
- ii. That the receipts of the Bank shall be complete discharge of the Insurer therefore and shall be binding on all the parties insured hereunder.

N.B: The Bank shall mean the first named Financial Institution/ Bank named in the policy.
- iii. That if and whenever any notice shall be required to be given or other communication shall be required to be made by the Insurer to the insured or any of them in any manner arising under or in connection with this policy such notice or other communication shall be deemed to have been sufficiently given or made if given or made to the Bank.
- iv. That any adjustment, settlement, compromise or reference to arbitration in connection with any dispute between the Insurer and the insured or any of them arising under or in connection with this policy if made by the Bank shall be valid and binding on all parties insured hereunder but not so as to impair rights of the Bank to recover the full amount of any claim it may have on other parties insured hereunder.
- v. That this insurance so far only as it relates to the interest of the Bank therein shall not cease to attach to any of the insured property by reason of operation of condition 4 of the Policy except where a breach of the condition has been committed by the Bank or its duly authorised agents or servants and this insurance shall not be invalidated by any act or omission on the part of any other party insured hereunder whereby the risk is increased or by anything being done to upon or any building hereby insured or any building in which the goods insured under the policy are stored without the knowledge of the Bank provided always that the Bank shall notify the Company of any change of ownership or alterations or increase of hazards not permitted by this insurance as soon as the same shall come to its knowledge and shall on demand pay to the Insurer necessary additional premium from the time when such increase of risks first took place and
- vi. It is further agreed that whenever the Insurer shall pay the Bank any sum in respect of loss or damage under this policy and shall claim that as to the Mortgagor or owner no liability therefore existed, the Insurer shall become legally subrogated to all the rights of the Bank to the extent of such payments but not so as to impair the right of the Bank to recover the full amount of any claim it may have on such Mortgagor or Owner or any other party or parties insured hereunder or from any securities or funds available.

N.B: In cases where the name of any Central Government or State Government owned and / or sponsored Industrial Financing or Rehabilitation Financing Corporations and /or Unit Trust of India or General Insurance Corporation of India and/or its subsidiaries or LIC of India/ any Financial Institution is included in the title of the CAR/EAR Policy as mortgagees, the above Agreed Bank Clause may be incorporated in the Policy substituting the name of such institution in place of the word 'Bank' in the said clause."

2. Departmental Clause

If the Business be conducted in departments, the independent trading results of which are ascertainable, Business Interruption shall apply separately to each department affected by the Damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the Rate of Gross Profit for each department of the Business (whether affected by the Damage or not), to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.

3. Interdependency Clause

It is hereby agreed and understood, subject otherwise to the terms, conditions and exclusions of the Policy and endorsed hereon, that if damage or destruction to any of the Insured's premises/ property should result in suffering a reduction in turnover or increase in cost of working of another Insured locations/premises which is dependent on the former Insured's premises/ property, then such loss is deemed to be covered by this Policy notwithstanding that no material damage was sustained by the latter premises/property provided that independent trading results for each production unit is separately ascertainable.

The indemnity provided herein shall be subject to the limit of indemnity as specified in the Schedule.

VI. Additional Optional Covers

Following are the wordings of the Optional Covers under the policy. Only those Optional Covers stand covered which are mentioned on the schedule of the policy. Rest of the Additional Optional Covers stand deleted for all purposes.

The applicable Optional Covers mentioned on the schedule are part of the policy and shall be taken into account for interpretation and determination of coverage and liability under the policy.

1. Additional Increase in Cost Of Working

It is hereby agreed and declared that notwithstanding anything contained herein to the contrary, this policy extends to cover costs and expenses, necessarily and reasonably incurred during the indemnity period, in consequence of the 'Damage' and not otherwise payable under Loss of Gross Profit Provision (increase in cost of working) for the purposes of maintaining the business, it being understood that if any such costs under Loss of Gross Profit provisions (Reduction in turnover and Increase in cost of working) are of a capital asset nature then account shall be taken of the residual value of such capital items so involved, existing at the end of the maximum Indemnity Period.

The indemnity provided herein shall be subject to the limit of indemnity as specified in the Schedule

2. Customers And Suppliers Extension

This section is extended to cover the insured's loss of Gross Profit resulting from damage to:

- (1) Suppliers and/or customers and/or utilities extension upto first tier or direct suppliers/ customers/ public utilities.
- (2) Premises of Named customers & suppliers for a maximum limit of 20% of the limit of indemnity (Business Interruption Sum Insured/ Loss Limit) and not to exceed INR 10,000 million for any one loss/ aggregate or as mentioned in the policy schedule. Coverage to be restricted to FLEXA perils for Overseas customer/ suppliers, whereas coverage to be restricted to FLEXA and AOG perils for Domestic customer/ suppliers.
- (3) Premises of Un-named customers & suppliers located in India, for a maximum limit of 10% of the limit of indemnity (Business Interruption Sum Insured/ Loss Limit) and not to exceed INR 5,000 million for any one loss/ aggregate or as mentioned in the policy schedule. Coverage to be restricted to FLEXA perils only. No cover for unnamed suppliers/ customers located overseas.

The limits specified above are in aggregate across all onshore customers/ suppliers respectively.

Assets like pipelines, transmission & distribution lines, cables, etc. extending beyond the supplier and/or customers and/or utilities premises are excluded from coverage.

Definition of "direct" as below:

"Direct" shall mean any company having a direct contractual relationship with the insured(s) which materializes and manifests itself by / in the direct and actual physical supply, transfer or exchange of goods and/or utilities to the insured(s), without any involvement or value added by any third party supplier or customer resulting in the alteration, transformation or modification of the physical or chemical properties of the supply, goods or utilities before it is finally supplied, transferred or exchanged with the insured(s).

For the purposes of the meaning of Direct, this limitation does not apply to any third party logistic companies or transportation companies who supply or transfer such goods or utilities to the insured (s) and whose role is solely limited to only transport or logistical services.

"Act Of God (AOG)", this shall mean the following type of event:

- a. Earthquake – Fire & Shock
- b. Landslide / Rockslide / Subsidence

c. Flood / Inundation

d. Storm / Tempest / Hurricane / Typhoon / Cyclone / Lightning or other atmospheric disturbances

It is hereby agreed and understood that suppliers named in the policy and endorsed thereon will only be considered for coverage and claims, if any and shall be subject to the sanctions clause inset under the policy.

3. Prevention of Access

Prevention of access with maximum limit of 30 days (over & above the policy time excess) and with maximum radius of 5 kilometers from insured premises & only inland. Coverage under this section shall extend to include loss or reduction resulting from cessation, interruption, interference or inhabitation to the business as consequence of physical destruction of or damage to property belonging to the Insured or property within a radius of 5 kms from the insured premises (inland only) which prevents or hinders the use of or access to the premises (excluding port blockage)

Any coverage wider than the above including Denial of Access is deemed to be excluded under the Policy.

4. Public Utilities Extension

It is hereby agreed to cover insured's loss resulting from interruption of or interference with the business carried out by the insured at the premises described within consequence of failure of electrical / gas / water supply at the terminal ends of the electrical service feeders / gas works / waterworks from which the insured obtained electric / gas / water supply at the said premises directly due to damage to property at an electricity station, Substation, or Public electrical supply undertaking from which the insured obtained electrical / gas / water supply shall deem to be loss resulting from damage to the property used by insured at the premises.

Provided, however, that the Company shall not be liable for any loss occasioned by the deliberate act of the Government, Municipal or Local Authority or Supply Authority

- Not performed for the sole purpose of safeguarding life or protecting any part of the supply undertaking's system.

- To withhold or restrict or ration supply not necessitated solely by Damage to the supply undertaking's generating or supply equipment by an insured peril.

The liability of the Insurer shall not exceed the Limit stated in your Policy Schedule.

Assets like pipelines, transmission & distribution lines, cables, etc. extending beyond the supplier and/or customers and/or utilities premises are excluded from coverage.

5. Professional Account's and Auditor Clause

This clause is limited to the reasonable charges payable by the Insured to their Professional Accountants and/or Auditors for producing and certifying any particulars or details contained in the Insured's books of account or other business books or documents or such other proofs, information or evidence as may be required by the Company for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's Auditors, and their certificate shall be prima facie evidence of the particulars and details to which such certificates relate.

Limit: As specified in schedule.

6. Sabotage and terrorism Damage Cover Endorsement - Material Damage and Advanced Loss Of Profit

INSURING CLAUSE

Subject otherwise to the terms, exclusions, provisions and conditions contained in the Policy and in consideration of the payment by the Insured to the Company of additional premium as stated in the Schedule, it is hereby agreed and declared that notwithstanding anything stated in the "Terrorism Risk Exclusion" of this Policy to the contrary, this Policy is extended to cover: -

(i) Physical loss or physical damage occurring during the period of this Policy caused by an act of sabotage and/or terrorism, subject to the exclusions, limits and excess herein below contained.

For the purpose of this cover, an act of terrorism means an act or series of acts, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), or unlawful associations, recognized under Unlawful Activities (Prevention) Amendment Act, 1967 (as

amended from time to time) or any other related and applicable national or state legislation formulated to combat unlawful and terrorist activities in the nation for the time being in force, committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes.

For the purpose of this cover, an act of sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

(ii) loss, damage, cost or expense directly caused by, resulting from or in connection with any action taken in suppressing, controlling, preventing or minimizing the consequences of an act of sabotage and/or terrorism by the duly empowered government or Military Authority.

Provided that If the Insured is eligible for indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this Policy shall be excess of any recovery due from such plan or scheme.

For the purpose of the aforesaid inclusion clause, "Military Authority" shall mean armed forces, para military forces, police or any other authority constituted by the government for maintaining law and order.

(iii)

1. The insurer shall indemnify the insured for a loss of the interest insured unless specifically excluded if at any time during the period of insurance the property insured under Material Damage section suffers loss or damage indemnifiable under (i) and (ii) above or which would have been indemnifiable under (i) and (ii) but for the application of a deductible, thereby causing an interference in the construction, erection or testing time schedule resulting in a delay in start-up of the business insured.

2. The indemnity for the loss of interest insured shall be in respect of:

2.1. gross profit, the loss actually sustained during the indemnity period resulting from a reduction in turnover including any increased cost of working or

2.2. specified standing charges, the amount actually not earned during the indemnity period resulting from a reduction in turnover including any increased cost of working.

3. The indemnity shall not exceed the sum insured for the maximum indemnity period.

Sum insured

The sum insured shall be

1. the annual gross profit specified in the schedule or

2. the annual specified standing charges.

Should the maximum indemnity period exceed twelve months, the gross profit or the specified standing charges shall be the pro rata amount for that period.

Period of insurance

1. The insurance cover under this section shall begin upon commencement of physical work or storage on the site or the inception date specified in the schedule, whichever is the later.

2. All insurance cover under this section shall cease on the scheduled date of commencement of the business insured or on the date of commencement of the business insured, whichever is the earlier.

3. No extension of the period of insurance under Material Damage section shall automatically extend the period of insurance for this section.

4. Any anticipated change in the scheduled date of commencement of the business insured shall be reported to the insurer and be effective for this section only if specifically agreed upon by the insurer in writing.

5. If as a result of a delay in start-up, the period of insurance under this section is to be extended, the time excess and the indemnity period shall be renegotiated and agreed upon in writing.

Indemnity period

The indemnity period shall be the period during which the interest insured is affected as a result of the delay in start-up, beginning on the scheduled date of commencement of the business insured and not exceeding the maximum indemnity period specified in the schedule.

Premium

1. The premium shall be paid at the inception of this section and shall be calculated by multiplying the sum insured by the premium rate.

2. If the insured declares and his auditors have certified that the amount of the gross profit during the accounting period of twelve months following the date of commencement of the business insured or the date on which, but for the delay in start-up, the business insured would have commenced was less than the annual sum insured, a pro rata return of premium not exceeding one third of the premium paid shall be made in respect of the difference.

3. If any loss or damage has occurred giving rise to any payment in respect of a loss of the gross profit, then the amount calculated before application of the time excess shall be added to the amount certified by the insured's auditors in above mentioned clause and any return of premium shall be based on the difference between such sum and the sum insured.

Claims notification and the insured's special obligations following an occurrence of loss or damage

1. In the event of any occurrence of loss or damage which might cause a delay in start-up leading to a claim under Advanced Loss of Profits-

1.1. the insured employer shall immediately notify the insurer and send it written confirmation thereof within forty-eight hours of the occurrence;

1.2. the insurer or the insurer's agent shall have unlimited access to the site to establish the possible cause and extent of the loss or damage, its effect on the interest insured, to examine the possibilities for minimizing the delay in start-up and if necessary to make reasonable recommendations for the avoidance or minimization of such delay.

2. In the event of a claim being made under this section, the insured shall at his own expense deliver to the insurer not later than thirty days after the delay in startup or within such further periods as the insurer may allow in writing a written statement setting forth particulars of the claim.

3. The insured shall at his own expense produce and furnish to the insurer such books of account and other business books or other evidence as may reasonably be required by the insurer for the purpose of investigating or verifying the claim together with, if required, a statutory declaration of the truth of the claim and of any matters connected therewith.

Conditions for loss settlement

In the event of a loss of interest insured, the basis of loss settlement under this section shall be as follows:

1. Loss of gross profit

1.1. In respect of loss of gross profit, the insurer shall pay the amount obtained by multiplying the rate of gross profit by the amount by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the delay in start-up not occurred.

1.2. If the annual sum insured hereunder is less than the amount obtained by multiplying the rate of gross profit by the annual turnover or, if the maximum indemnity period exceeds twelve months, the turnover calculated for the equivalent period, the amount payable shall be reduced proportionately.

2. Specified standing charges

2.1. In respect of specified standing charges, the insurer shall pay the amount obtained:

by multiplying the percentage by which the actual turnover during the indemnity period falls short of; the turnover which would have been achieved had the delay in start-up not occurred ;

by the amount of specified standing charges incurred during the indemnity period.

2.2. If the sum insured hereunder is less than the amount obtained by multiplying the rate of gross profit by the annual turnover or, if the maximum indemnity period exceeds twelve months, the pro rata turnover for that period, the amount payable shall be reduced proportionately.

3. Increased cost of working

3.1. In respect of increased cost of working, the insurer shall pay the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which, without such expenditure, would have occurred during the indemnity period after the time excess.

3.2. The indemnity shall not exceed the amount of loss of interest insured thereby avoided.

4. Calculation of rate of gross profit and annual turnover

4.1. In calculating the rate of gross profit and annual turnover, the following aspects shall be taken into consideration:

4.1.1. The results of the business insured for the 12-month period after the date of commencement of the business insured;

4.1.2. Any circumstances which would have affected the business insured had the delay in start-up not occurred;

4.1.3. Any circumstances affecting the business insured after the actual date of commencement of the business insured.

4.2. The final figures shall represent as closely as may be deemed reasonable the results which the business insured would have achieved after the scheduled date of commencement of the business insured had the delay in start-up not occurred.

4.3. If through measures undertaken to avoid or minimize the delay in start-up a financial advantage accrues to the benefit of the insured during the period of the time excess or up to six months beyond the indemnity period, this financial advantage shall be taken into account in determining the indemnity.

4.4. Liquidated damage for which any contractor is obliged to indemnify the insured shall be deducted from the loss of interest insured.

Progress reports

1. The insured shall provide the insurer with updated progress reports at the intervals stated in the schedule.

2. The progress report shall show the progress of the work on the insured contract(s) in relation to any contractual programme of work prepared by any contractor.

3. The progress report shall identify any delays or potential delays in the progress of work and the effect of such delays in terms of a potential claim under this section and any measures taken or intended to be taken to minimize the effect of any such delays.

Definitions applicable to Business Interruption Section/Advanced Loss of Profits only

Annual turnover means the turnover which, had the delay in start-up not occurred, would have been achieved during the twelve months after the scheduled date of commencement of the business insured.

Business insured means the commercial operation of the property insured specified in the schedule to this section.

Date of commencement of the business insured means the actual date on which the business insured commenced.

Debt service charges means the amount of the annual payment(s) of interest and if specified the principal on borrowings due by the insured employer.

Delay in start-up means a delay in the scheduled date of commencement of the business insured.

Gross profit means the amount by which the value of the turnover and the value of the closing stock exceeds the value of the opening stock and the amount of the specified working expenses. The value of the opening and closing stocks shall be calculated in accordance with the insured's normal accounting methods, due provision being made for depreciation.

Increased cost of working means the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of gross profit which, without such expenditure, would have taken place.

Interest insured means either the gross profit including any increased cost of working or the specified standing charges including any increased cost of working.

Maximum indemnity period means the maximum period specified in the schedule in respect of which cover is afforded for the interest insured by this section.

Rate of gross profit means the percentage of gross profit which, had the delay in start-up not occurred, would have been earned on the annual turnover.

Scheduled date of commencement of the business insured means the date specified as such in the schedule or any revised date upon which the business insured would have commenced had the delay in start-up not occurred.

Specified standing charges means any fixed costs specified in the schedule which continue to be payable in full during the indemnity period.

Specified working expenses means any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies unless required for the upkeep of operations and any costs of packaging, carriage, freight, intermediate storage, turnover tax, purchase, tax, licence fees and royalties, insofar as such costs are dependent on turnover.

Time excess means the period specified in the schedule for which the insurer is not liable.

Turnover means the amount of money (less discounts) paid or payable to the insured for goods, products or services sold, delivered or rendered in the course of the business insured.

LOSSES EXCLUDED

(A) For Materials Damage

This cover shall not indemnify loss of or damage to property caused by any or all of the following:

1. Loss by seizure or legal or illegal occupation;
2. Loss or damage caused by:
 - (i) voluntary abandonment or vacation,
 - (ii) confiscation, commandeering, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority,

which deprives the Insured of the use or value of its property;

3. loss or damage arising from acts of contraband or illegal transportation or illegal trade;
4. loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment;
5. loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind;
6. loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind;
7. any fine, levy, duty, interest or penalty or cost or compensation/damages and/or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person;
8. loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile;

9. loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest or riots or civil commotion;

10. loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder;

11. any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working;
12. loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service;
13. loss or increased cost as a result of threat or hoax;
14. loss or damage caused by or arising out of burglary, house - breaking, looting, theft, larceny or any such attempt or any omission of any kind of any person (whether or not such act is committed in the course of a disturbance of public peace) in any action taken in respect of an act of sabotage and/or terrorism;
15. loss or damage caused by mysterious disappearance or unexplained loss;
16. loss or damage directly or indirectly caused by mould, mildew, fungus, spores or other micro-organism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health;
17. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind;
18. Any loss due to fines or damages for breach of contract or penalties of whatever nature;
19. Any infidelity, fraudulent, dishonest or criminal act by any director, officer or trustee of the Insured whether acting alone or in collusion with others;
20. Any debt, insolvency or commercial failure, whether to provide bond or security or otherwise, or any other financial cause of any party or person whatsoever.
21. loss or damage caused by Civil Commotion, Insurrection, Revolution or Rebellion, Mutiny and/or Coup d'Etat and Civil War except as may be insured specifically under any Political Violence Extension to this cover ;
22. Third party liability howsoever arising except as may be insured specifically under any Third-Party Liability Extension to this cover;

(B) For Advanced Loss of Profit

The following shall be excluded from the cover provided by this section:

1. Loss of interest insured due to any delay in start-up resulting from:
 - 1.1. loss or damage covered under material damage section by way of endorsement unless expressly specified as covered in the schedule;
 - 1.2. Earthquake, volcanic eruption or tsunami, unless expressly specified as covered in the schedule;
 - 1.3. loss of or damage to the employer's property;
 - 1.4. loss of or damage to fuel or feedstock or any materials necessary for the business insured unless expressly agreed to form part of the property insured under Material Damage section;
 - 1.5. redesigning, altering, adding to or improving the property insured or rectifying defects or faults;
 - 1.6. loss of or damage to the property insured under Material Damage section or any part thereof
 - 1.6.1. which has been taken into use or occupation
or
 - 1.6.2. for which a taking-over certificate has been issued or is deemed to have been issued;

- 1.7. loss of or damage to items of a prototype nature, unless expressly specified as covered in the schedule;
- 1.8. any restrictions imposed by a public authority;
- 1.9. non-availability of funds;
2. the amounts of any fines or damages for breach of contract, for late or non- completion of orders or for penalties of whatever nature;
3. loss of interest insured resulting from suspension, lapse or cancellation of a lease, licence, order, contract or agreement other than the loss of interest insured incurred during the delay in start-up.
4. loss arising from Contingent Business Interruption Extension of Business Interruption/Advanced Loss of Profit Section under this policy, comprising of Customers and Suppliers premises, Prevention of Access and Public Utilities.

LIMIT OF INDEMNITY

The limit of indemnity under this cover shall not exceed the Total Sum Insured for Material Damage and Advanced Loss of Profits given in the Policy Schedule or INR 20,000,000,000 per compound/location whichever is lower. The limit of indemnity in respect of Advanced Loss of Profits alone shall not exceed the Advanced Loss of Profits Sum Insured or INR 7,500,000,000 whichever is lower. In respect of several insurance policies within the same compound/location with one or different insurers, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000 for Material Damage and Advanced Loss of Profits. If the actual aggregate loss suffered at one compound/location is more than INR 20,000,000,000 for Material damage and Advanced Loss of Profits, the amounts payable towards individual policies shall be reduced in proportion to the sum insured of the policies.

EXCESS

A. For material damage*

Shops & Residential Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 10,000 and Maximum of INR 500,000

Non-Industrial Risks: 1% of the claim amount for each and every claim subject to Minimum of INR 25,000 and Maximum of INR 1,000,000

Industrial Risks: 5% of the claim amount for each and every claim subject to Minimum of INR 100,000 and Maximum of INR 25,00,000

*Whichever is applicable

B. For Advanced Loss of Profit

In respect of a loss of interest insured the insurer shall not be liable for the amount obtained by multiplying the average daily value of the loss of interest insured sustained during the indemnity period by the number of days specified in the schedule as the time excess for Advanced Loss of Profits cover, but not less than 30 days.

ADD ON COVERS

It is further declared and agreed that the limit of indemnity including the claim on add on cover(s) shall not exceed total sum insured plus separate sublimit opted for add on cover(s) or INR 20,000,000,000 whichever is lower. In respect of several insurance policies with in the same compound/location, the maximum aggregate loss payable per compound/location by any one or all insurers shall be INR 20,000,000,000.

MID TERM COVER

In case the coverage under this endorsement is granted during the currency of the policy, no claims will be payable for loss or damage to property caused by an act of sabotage and/or terrorism occurring during the first 15 (fifteen) days from the date of granting such cover. There should be no known or recorded/reported losses from ground up including threats/hoaxes from date of inception of policy to the date of granting such cover.

SANCTION, LIMITATION AND EXCLUSION CLAUSE:

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

CANCELLATION CLAUSE

Notwithstanding the cancellation provisions relating to the basic insurance policy on which this endorsement is issued, there shall be no refund of premium allowed for cancellation of the Sabotage and/or terrorism risk insurance during the period of insurance except where such cancellation is done along with the cancellation of the basic insurance. Where a policy is cancelled and rewritten mid-term purely for the purpose of coinciding with the accounting year of the insured, pro-rate refund of the cancelled policy premium will be allowed.

If the cancellation is for any other purpose, refund of premium will only be allowed after charging short term scale rates.

Note: The definitions, terms and conditions of the Policy save as modified or endorsed herein shall apply.

Political Violence Insurance Extension - Property Damage And Advance Loss Of Profit

1. INSURING CLAUSE

In consideration of the premium paid and subject to the exclusions, limits, and terms and conditions contained herein, this add on cover indemnifies the Insured for its ascertained Loss up to but not exceeding the sub limit (i.e. 10% of Total Sum Insured for Sabotage and Terrorism Endorsement or INR 50,00,00,000 whichever is lesser, each in respect of any one loss and in the aggregate) against:

1.1 Physical loss or physical damage to the Buildings and Contents which belong to the Insured or for which the Insured is legally responsible, directly caused by one or more of the following perils occurring during the Policy Period and in respect of which the Insured has purchased cover:

1. Civil Commotion;
2. Insurrection, Revolution or Rebellion;
3. Mutiny and/or Coup d'Etat;
4. Civil War.

Such perils in respect of which cover has been purchased by the Insured shall be the "Covered Causes of Loss".

1.2 In respect of loss or damage suffered under this Extension, Insurers' maximum liability shall never be more than the Advanced Loss of Profit Limit or total Limit (whichever is applicable) where this Limit is a combined amount for losses arising from both physical loss or physical damage and Advance Loss of Profit, for any one loss.

1.3 For the avoidance of doubt, where Advance Loss of Profit Limit applies to losses suffered under this Extension, it shall apply to the aggregate of all claims by all Insureds and in respect of all Insured Locations hereunder, and Insurers shall have no liability exceeding the limit (i.e. 10% of Total Sum Insured for Sabotage and Terrorism Endorsement or INR 50,00,00,000 whichever is lesser, each in respect of any one loss and in the aggregate) irrespective whether insured losses are sustained by all of the Insureds or any one or more of them or whether insured losses are sustained at any one or more of the Insured Locations.

2. DEFINITIONS

"Civil Commotion" shall mean any act committed in the course of a disturbance of the public peace (where such disturbance is motivated by political reasons) by any person taking part together with others in such disturbance or any act of any lawfully constituted authority for the purpose of suppressing or minimising the consequence of such act.

"Civil War" shall mean an internecine war, or a war carried on between or among opposing citizens of the same country or nation.

"Coup d'Etat" shall mean the sudden, violent and illegal overthrow of a sovereign government or any attempt at such overthrow.

"Insurrection, Revolution and Rebellion" shall mean a deliberate, organised and open resistance, by force and arms, to the laws or operations of a sovereign government, committed by its citizens or subjects and/or a rising against a sovereign government or other authority.

"Mutiny" shall mean a wilful resistance by members of legally armed or peace-keeping forces to a superior officer.

3. EXCLUSIONS

This cover **DOES NOT INDEMNIFY AGAINST:**

1. Any loss arising from War (whether before or after the outbreak of hostilities) between any two or more countries.
2. Third party liability howsoever arising except as may be insured specifically under any Third-Party Liability Extension to this cover;
4. CHANGES/AMENDMENTS

Any addenda, amendments or endorsements to this Policy shall only be valid if agreed by Insurers in writing.

SUBJECT OTHERWISE TO ALL THE TERMS, CONDITIONS, DEFINITIONS, DEDUCTIBLES, LIMITATIONS AND EXCLUSIONS OF THE MAIN POLICY AND SABOTAGE & TERRORISM ENDORSEMENT TO WHICH THIS EXTENSION IS ATTACHED.