



IFFCO-TOKIO GENERAL INSURANCE CO. LTD

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

COMPREHENSIVE PROPERTY ALL RISK POLICY

Policy Wording

UIN: IRDAN106CPPR0004V01202526

PREAMBLE

In consideration, of the Insured paying premium to the IFFCO-Tokio General Insurance Company Limited (herein after called the Company / Insurer) shown in the Schedule, the Company agrees subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed herein, covering the interest of the Insured in the property at the premises and/or as outside described in the Schedule for the purpose of this business, to indemnify the Insured in the manner and to the extent stated in the following sections forming part of this Policy of Insurance and shown in the Schedule to the policy.

POLICY COVERAGE

A. INSURING AGREEMENT

Subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed In the policy schedule . only Section 1 (A), is a mandatory section, rest all sections are optional covers in this policy and shall be covered only if specifically mentioned in the policy schedule.

Section 1 (A)	Material Damage
Section 1 (B)	Machinery Breakdown
Section 2	Business Interruption
Section 3	Accompanied Baggage
Section 4	Money
Section 5	Fidelity Cover
Section 6	Public Liability

B. DEFINITIONS:

a) Insured/You/Your	Named as the Insured(s) in the Schedule to this Policy of Insurance and if the context so requires any one of them to the extent of their financial rights and interests.
b) Insurer/Company / We/ Us/ Our	means IFFCO-Tokio General Insurance Company Limited.
c) Deductible / Excess	means the amount of the loss to be borne by the insured for each and every loss under the policy.
d) Property	means the Property Insured as specified in The Schedule to this Policy of Insurance.
e) Policy Period	means the period during which cover is provided by this Policy of Insurance as specified in The Schedule.
f) Premises	means the location(s) of the property insured.
g) Premium	means the Amount payable in accordance with the policy terms and calculated by the insurer.
h) The Schedule	means The Schedule to the section(s) of this Policy of Insurance in which reference is made to it.
i) Section	means any Section of this Policy of Insurance including The Schedule thereto.

j) Sum Insured	means the amount of insurance cover specified in The Schedule in respect of any particular item of Property Insured or interest insured or the total amount of insurance cover specified in The Schedule as the context may require.
k) Market Value	Market Value (other than Stocks) is the new Replacement/ Reinstatement Value minus depreciation as on the date of loss.
l) Replacement /Reinstatement Value	(i) where property is lost or destroyed, the rebuilding of any building(s) or the replacement of any other property by similar property, in either case in a condition equal to but not better or more extensive than its condition when new. (ii) where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.
m) Stock/ Stocks	stocks refers to all goods (raw materials, work in progress materials, finished goods, semifinished goods) held by Insured for the purpose of manufacturing/production, sale and/or internal consumption

C. POLICY SECTIONS

SECTION 1 (A) - MATERIAL DAMAGE

1. Coverage

Subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed in the policy schedule, the Insurer will indemnify the Insured to the extent of the value (as selected by Insured) of the property at the time of the happening of its accidental physical loss of/ or damage to. The insurer at its option may reinstate or replace such property or any part thereof in the event of the property insured be accidentally physically lost destroyed or damaged other than by an excluded cause during the Policy Period or any subsequent period in respect of which the insured shall have paid and the Insurer shall have accepted the premium.

2. EXCLUSIONS

2.1 EXCLUDED CAUSES

- a) This policy does not cover Loss of/ or damage to the property insured due to or arising out of or attributable to:
- i faulty or defective design, materials and/ or workmanship, inherent vice, latent defect, gradual deterioration, deformation or distortion or wear and tear.
 - ii interruption of the water supply, gas, electricity or fuel systems or failure of the effluent disposal systems to and from the premises unless damage by a cause not excluded in the policy ensues to other property insured and then the Insurer shall be liable only for such ensuing Damage.
 - iii Collapse or cracking of building.
 - iv corrosion, rust, extremes or change in temperature, dampness, dryness, wet or dry rot, fungus, shrinkage, evaporation, loss of weight, pollution, contamination, change in colour, flavor, texture or finish, action of light vermin, insects, marring, scratching or any normal course of action.
unless such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the policy.
 - v larceny, unless specified in the schedule.

- vi acts of fraud or dishonesty of the Insured or any one acting on insured's behalf to obtain any benefit under the policy.
 - vii disappearance, unexplained or inventory shortage, misfiling or misplacing of information, shortage in supply or delivery of materials or shortage due to clerical or accounting error.
 - viii coastal or river erosion.
 - ix normal settlement or bedding down of new structures.
 - x any willful act or willful neglect or gross negligence on the part of the Insured or any person acting on insured behalf.
 - xi cessation of work, delay or loss of market, or any other consequential or indirect loss of any kind or description whatsoever.
- b) Damage occasioned directly or indirectly by or through or in consequence of any of the following occurrences, namely: -
- i War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war.
 - ii Mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.
- c) This policy does not cover Loss of/or damage to the property insured due to or arising out of or attributable to:
- i permanent or temporary dispossessing of insured property resulting from nationalization commandeering or requisition by any lawfully constituted authority.
 - ii permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person provided that the Insurers are not relieved of any liability to the Insured in respect of Damage to the property insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy.
 - iii The destruction of property by order of any public authority.

In any action, suit or other proceeding where the Insurer alleges that because of the provisions of Exclusions b and c above any loss destruction or damage is not covered by this insurance the burden of proving that such loss destruction or damage is covered shall be upon the Insured.

- d) Damage directly or indirectly caused by or arising from or in consequence of or contributed or confiscation by: -
- i nuclear weapons material.
 - ii ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this Exclusion, Combustion shall include any self-sustaining process of nuclear fission.
- e) Earthquake and/ or volcanic eruption and/ or other natural tremor or subterranean fire or tsunami unless otherwise covered in the Schedule.

Wherever earthquake cover is given as an "Optional cover" the words "excluding those resulting from earthquake and/ or volcanic eruption or other natural tremor or subterranean fire, tsunami" shall stand deleted.

- f) Mechanical, electrical, electro mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind unless the damage was caused as a result thereof, by any reason whatsoever which was not excluded and, in such event, the Insurers' liability shall be limited only to the damage caused as a result thereof.
- g) **Terrorism Damage**
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.

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 government(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 public in fear.

The Exclusion 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 any 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.

This exclusion stands deleted in case Terrorism coverage is opted in this policy and specifically mentioned as covered in schedule.

2.2 EXCLUDED PROPERTY

This Policy does not cover:

- a) Money, cheques, stamps, bonds, credit cards, securities of any description, jewellery, precious stones, precious metals, bullion, furs, curiosities, rare books, Valuable documents, computer records, patented models & design or works of art exceeding INR 50,00,000 in aggregate and INR 10,00,000 per unit unless specifically mentioned as insured by this policy.
- b) Explosives, Unless specifically mentioned as insured by this Policy.
- c) vehicles licensed for road use (including accessories thereon), caravans, trailers, watercraft, aircraft, spacecraft or the like, however railway locomotives or rolling stock can be specifically covered and mentioned in the schedule.
- d) property in transit, other than within the premises specified in the Schedule.
- e) property or structures in course of demolition, construction (in excess of INR 50,00,000 in aggregate) or erection and materials or supplies in connection therewith.

- f) land (including top-soil, back-fill, drainage or culverts), driveways, pavements, roads, runways, railway lines, dams, reservoirs, canals, rigs, wells, pipelines, tunnels, bridges, docks, piers, jetties, excavations, wharves, mines, property underground, off-shore property, unless specifically covered.
- g) livestock, growing crops or trees.
- h) property damaged because of its undergoing any process.
- i) property undergoing testing installation including materials and supplies therefore if directly attributable to the operations of work being performed thereon unless, damage by a cause not otherwise excluded ensues and then, the insurer will be liable only for such ensuing loss.
- j) property more specifically insured.
- k) property insured if removed to any building or place other than in which it is herein stated to be insured, except machinery and equipment temporarily removed for repairs, cleaning, renovation or other similar purpose for a period not exceeding the number of days mentioned in the schedule
- l) damage to property which at the time of the happening of such damage is insured by or would for the existence of this policy be insured by any marine policy or policies except in respect of any excess beyond the amount, which would have been payable under the marine policy or policies had this insurance not been effected.

3. CONDITIONS

a) Sums Insured

It is a requirement of this Insurance that the sums insured stated in the Schedule shall not be less than the cost of reinstatement as if such property (except for stocks) were reinstated at any time during the Policy Period which shall mean the cost of replacement of the insured items by new items in a condition equal to but not better or more extensive than its condition when new.

For Stocks

- 1) For Raw Material: landed cost at Insured Premises.
- 2) For Stock in Process: input cost of the stock at the time of loss.
- 3) For finished goods the sum insured shall be the Selling price inclusive of reasonable profits but excluding unincurred selling expenses. If the finished goods are covered by a contract of sale, then the sum insured shall be Contract Price.

Contract Price is in respect only of goods sold but not delivered, for which You are responsible or with regard to which under the conditions of the sale, the sale contract is cancelled by reason of any Damage insured under this Policy either wholly or to the extent of the Damage. The Company's liability shall be based on the Contract Price.

b) Basis of Loss Settlement (other than stocks)

In the event of any loss destruction or damage, the indemnification under this section shall be calculated on the basis of the reinstatement or replacement of the property lost, destroyed or damaged, subject to the following provisions:

- 1) Reinstatement or replacement shall mean:
 - i). where property is lost or destroyed, the rebuilding of any buildings or the replacement of any other property by similar property, in either case in a condition equal to but not better or more extensive than its condition when new.

- ii). where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.

2) Special Provisions

- i) The reinstatement and replacement work are to be commenced and carried out within reasonable time and dispatch, and in any event, it is to be completed within 24 months or period mentioned in policy schedule from the date of the insured event or within such additional period as the Insurer shall give permission, based on request received from insured, in writing. In case the Insured fails to comply with this provision, the Insurers shall not be liable for any sum exceeding the sum which would have been payable if this provision is not incorporated in the policy schedule.
- ii) Until the cost of reinstatement or replacement have been actually incurred within the period as stated above or as agreed by insurer in writing, the amount payable under each of the items shall be calculated on the basis of the actual cash value of such items immediately before the loss destruction or damage with due allowance for depreciation for age use and condition.
- iii) It is agreed that if the property which was lost or damaged is not in current production, then the insurer's liability shall be limited to the reinstatement or replacement cost of property in current production of as close a type to the property which was lost or damaged at the time of same being new and not being inferior thereto. In the event of any indemnification under this Section, the Sum(s) Insured shall be automatically reinstated as stated in the schedule of the policy, subject to payment of premium as agreed.
- iv) These Special provisions shall not be valid in respect of:
 - a) Machinery or equipment, which was no longer in current use (other than material kept in stores and spare parts) prior to the occurrence of the insured event.
 - b) Property, which the Insured does not wish or is unable to replace or to reinstate.
 - c) Personal property of the insured's employees and the Insured's visitors.
 - d) In order to obviate doubt, it is clarified that insured property which was not directly damaged due to a covered peril, but in respect of which a demolition order was issued or use thereof has been prohibited by the authorized Authorities following damage to the premises of the Insured or in its immediate vicinity by a covered peril, shall be regarded as property which was directly damaged from a covered peril.

c) Basis of Loss Settlement for Stocks

- a) For Raw Material: landed cost at Insured Premises.
- b) For Stock in Process: input cost of the stock at the time of loss.
- c) For finished goods the basis of indemnity shall be the Selling price inclusive of reasonable profits but excluding un-incurred selling expenses. If the finished goods are covered by a contract of sale, then basis of indemnity shall be Contract Price.

Contract Price is in respect only of goods sold but not delivered, for which You are responsible and with regard to which under the conditions of the sale, the sale contract is cancelled by reason of any Damage insured under this Policy either wholly or to the extent of the Damage. The Company's liability shall be based on the Contract Price.

d) **Debris Removal Clause (up to 2% of claim amount)**

It is hereby declared and agreed that the expenses incurred up to 2% of the claim amount for:

- 1) removal of debris or slush removal.
- 2) dismantling or demolishing;
- 3) shoring up or propping.

of the portion or portions of the property insured by this policy destroyed or damaged by perils hereby insured against but not exceeding in the aggregate up to 2% of the claim amount within the overall sum insured of the property specified in the schedule.

e) **Architect's, Surveyors and Consulting engineers' fees (up to 4% of claim amount):**

It is hereby declared that the amount insured on building, machinery, accessories and equipment is understood to include Architects', Surveyors' and Consulting Engineers' Fees for Plans, Specifications, Tenders, Quantities and Service in connection with the superintendence of the reinstatement of the building, machinery, accessories and equipment Insured under this policy is covered up to 4% of the adjusted loss within the overall sum insured of such building, machinery, accessories and equipment damaged or lost specified in the schedule to the policy, but it is understood that this does not include any costs in connection with the preparation of the Insured's claim or estimate of loss in the event of damage by Insured Perils.

f) **Application of Underinsurance**

It is hereby declared and agreed that if, at the time of damage, the value at risk for the relevant Buildings, Plant and Machinery, Furniture, Fixtures, Fittings, Stocks, and other contents is greater than the sum insured declared under the policy, the insured will be responsible for bearing a proportional share of the loss, beyond the specified percentage mentioned in the policy schedule.

The above clause does not apply to the items specifically insured on the first loss basis and on add on covers or as agreed specifically.

This provision will supersede the condition of average as mentioned in General Condition.

- g) The insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations. Insured shall also at his own expense take all reasonable precautions as specifically agreed with insurer.

DEDUCTIBLES

This policy does not cover the deductibles as stated in the schedule in respect of each and every loss as ascertained after the application of all terms and conditions of the policy.

SECTION 1 (B) - MACHINERY BREAKDOWN

1. Coverage

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in this Policy or endorsed thereon, and subject to the Insured having paid the Premium, this Policy is extended to include direct sudden and accidental physical loss or damage sustained to or destruction of any machinery, including by or happening

through any mechanical, electrical, electro mechanical, electronic or hydraulic malfunction, failure, derangement, breakdown or non-operation of whatsoever kind up to the separate limit or sublimit contained in the Schedule. For the purpose of this cover machinery means any mechanical, electrical, portable and electronic equipment.

2. Conditions

a) Sum Insured and basis of claim settlement.

The coverage is on following basis at the option of the Insured.

- 1) **Full Sum Insured** - The Sum(s) Insured in respect of machinery shall be the New Replacement Value of entire plant and machinery available with the insured, including cost of dismantling, re-erection, freight and customs duties costs.
- 2) **Selection Basis** - This coverage allows insured to cover machinery on selection basis cover stands issued on a Selection Basis, with the Insurer's liability limited to the machinery specified in the Policy Schedule provided that such loss or damage occurs during the Policy Period.

Sum Insured is on Selection Basis in terms of Specific Amount:

This coverage allows insured to cover machinery on selection basis, which is lower than the Sum Insured of the all the machineries at risk declared in section 1 (A) of policy schedule. The Sum Insured of each insured machinery shall be equal to the cost of replacement including freight and customs duties costs.

At the time of claim, adequacy of Sum Insured is determined based on replacement cost of individual machinery specifically mentioned in attached schedule.

Basis of Claim Settlement

- i. **Total Loss:** Indemnity is provided up to the specified sum insured mentioned in the Policy Schedule, regardless of the total value of the machinery. The claim settlement is subject to adjustment of salvage if any, deductible mentioned in policy schedule . Depreciation is not applicable for policy, wherein basis of Sum Insured is on Reinstatement Value basis.
- ii. **Partial Loss:** Indemnity covers the cost of repair or replacement of the damaged portion up to the sum insured.

3) Sum Insured (in aggregate) on First Loss Limit Basis

This coverage allows Insured to cover on a First Loss Basis, with the Insurer's liability limited to the First Loss Limit specified in the Policy Schedule, provided that such loss or damage occurs during the Policy Period.

Sum Insured is on First Loss Basis in terms of Specific Amount:

First loss coverage involves the selection by the Insured of a Sum Insured, which is lower than the Sum insured (total replacement value) of the machineries at the Insured's premises at risk, with a stipulation that the company will pay the whole amount of loss up to the limit selected at the inception of the policy.

Basis of Claim Settlement

- i. **Total Loss:** Indemnity is provided up to the specified first loss limits mentioned in the Policy Schedule, regardless of the total value of the machinery. The claim settlement is subject to adjustment of salvage, if any and deductible

mentioned in the policy schedule. Depreciation is not applicable for policy, wherein basis of Sum Insured is on Reinstatement Value basis.

- ii. **Partial Loss:** Indemnity covers the cost of repair or replacement of the damaged portion up to the first loss Limit mentioned in the policy schedule.

- b) The insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.

3. EXCLUDED CAUSES

The Insurer shall not be liable for:

- i. Loss or damage caused by fire, chemical explosion, lightning whether direct or indirect, extinguishing of fire, subsequent demolition, dismantling and clearance of debris, aircraft and other aerial devices or articles dropped there from, collapse of buildings, and theft;

For this exclusion, explosion shall not mean the bursting or disruption of turbines, boilers, compressors, engine cylinders, hydraulic cylinders, flywheels or other parts subject to centrifugal force, transformer switches or oil-immersed switchgear;

- ii. (a). Wastage of material, wearing away or wearing out of any part of a machine caused by or resulting from ordinary usage, rust, boiler scale or other deposits, corrosion or deterioration due to chemical or atmospheric conditions or otherwise scratching of painted or polished surfaces;
This exclusion will not apply to resulting sudden accidental loss/damage not otherwise excluded.
(b). Slowly developing deformation, distortion, cracks, fractures, blisters, laminations, flaws or grooving or the making good of defective tube joints or other defective joints or seams unless such defects result in damage otherwise insured under the policy;
- iii. Loss or damage caused by the imposition of abnormal conditions directly or indirectly resulting from testing or wilful overload beyond safe limits or experiments except for conditions permitted by the manufacturers or by judgment of a competent engineer it being understood that bringing up from shutdown shall not be construed as testing;
- iv. Loss of usage of any machine or consequential loss of any nature what so ever other than specific coverage available under Section II - BI (Business Interruption).
- v. Loss or damage caused by earthquake, seaquake, tidal wave, subsidence, landslide, rockslide, hurricane, typhoon, cyclone volcanic eruption or other convulsion of nature, flood, inundation or escape of water from water- containing apparatus;
- vi. Loss or damage caused by the wilful act or wilful neglect of the Insured or his representatives. However, acts of malicious damage by employees and/or representatives of the Insured are covered;
- vii. a. Loss of or damage to or loss of use of property directly or indirectly caused by seepage or pollution; unless loss not excluded under this section ensues, which would be indemnifiable.
b. The cost of removing, nullifying or cleaning-up of seeping, polluting or contaminating substances;
- viii. Loss or damage due to any faults or defects known to the insured at the time this insurance was arranged and not disclosed to the insurer; or for which the manufacturer is responsible by contract.
- ix. Accidental damage indemnifiable under Section – I A of this policy;
- x. Loss or damage to foundations and masonry, refractory linings, exchangeable or replaceable parts and attachments such as flexible drives or tools used for cutting, drilling, grinding, polishing or similar purposes or moulds, patterns, pulverizing and crushing surfaces, screens and sieves, engravings on cylinders, ropes, chains, belts, elevator and

conveyor bands, batteries, tyres, connecting wire and cables, flexible pipes, joining and packing material and all other parts not made of metal (except the insulation of electrical conductors) fuels, filter fillings, cooling media, lubricants, catalysts, chemicals or other operating media. However this exclusion will not be applicable when damage to these parts is part of a loss and/or damage to an insured machine by a cause not excluded. Further this exclusion shall only refer to these parts and not to any resulting damage to the machinery insured under this section of this policy.

- xi. Loss of data, data media and records as well as its regeneration;
- xii. Lack of power, light, heat, steam or refrigeration unless the result of a sudden and unforeseen happening;
- xiii. Loss or damage to motor vehicles licensed for public roads, waterborne vessels, aircraft or helicopter.
- xiv. loss or damage for which the manufacturer or supplier of the property is responsible either by law or ordinance or under any contract or agreement.
- xv. costs of maintenance, upgrade or improvement, normal upkeep

DEDUCTIBLES

This policy does not cover the deductibles as stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy.

SECTION 2 – BUSINESS INTERRUPTION

The Insurers agree that if during the Policy Period the business carried on by the insured at any of the premises specified & listed in the Schedule is interrupted or interfered with in consequence of loss destruction or damage indemnifiable under Section I(A) and / or 1(B), then the Insurers shall indemnify the Insured for the amount of loss as hereinafter defined resulting from such interruption or interference provided that the liability of the Insurers in no case exceeds the total sum insured or such other sum as may hereinafter be substituted by Endorsement signed by or on behalf of the Insurers.

Loss under BI section is payable subject to corresponding physical loss or damage which is admissible under section 1 A and/or 1 B (as applicable), also BI losses will be subject to terms, condition, warranties and exclusions mentioned in section 2 of policy schedule.

1) Basis Of Insurance

The cover provided under this Section shall be limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity hereunder shall be:

(a) In respect of Reduction in Turnover:

the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall fall short of the Standard Turnover in consequence of the loss destruction or damage.

(b) In respect of Increase in Cost of Working:

the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of loss destruction or damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided less any sum saved during the indemnity Period in respect of such of

the charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of loss destruction or damage. If the sum insured by this item be less than the sum produced by applying the Rate of Gross Profit to the Annual Turnover (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

However, the liability of the Company shall be determined as per the specification selected by Insured at the inception of the Policy and incorporated in the Schedule.

2) Specification wording are given below.

2.1. Specification A – Insurance on Gross Profit on Turnover Basis

The insurance is limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.
- (b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the Damage:

Provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Gross Profit to (where the Indemnity Period exceeds 12 months insert 'times' as may be appropriate e.g. for 18 months insert one and a half times) the Annual Turnover, the amount payable shall be proportionately reduced.

Departmental Clause: If the business is conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of gross profit mentioned in the schedule shall apply separately to each department affected by the damage except that if the Sum Insured by the gross profit mentioned in the schedule 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.

Deductible: In case insured is getting indemnified based on provisions of this clause, then deductible applicable for such claim would be calculated considering Gross profit applicable to respective department which has faced loss or damage.

Definitions:-

GROSS PROFIT – The sum produced by adding to the Net Profit the amount of the insured Standing Charges, or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

NET PROFIT – The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all Standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

INSURED STANDING CHARGES – (Appropriate list as mentioned in the Policy Schedule).

TURNOVER – The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

INDEMNITY PERIOD – The period beginning with the occurrence of the damage and ending not later than declared months thereafter during which the results of the business shall be affected in consequence of the damage.

<p>RATE OF GROSS PROFIT – The rate of Gross Profit earned on the turnover during the financial year immediately before the date of the damage.</p>	<p>To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the damage, would have been obtained during the relative period after the damage.</p>
<p>ANNUAL TURNOVER – The Turnover during the twelve months immediately before the date of the damage.</p>	
<p>STANDARD TURNOVER – The Turnover during that Period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.</p>	

Memo 1: If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises and other departments for the benefit of the business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2: If any Standing Charges of the business be not insured by this policy then in computing the amount recoverable hereunder as increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of the Net Profit and all the Standing Charges.

If any damage has occurred giving rise to a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

2.2. Specification B – Insurance on Gross Profit on Output Basis

This insurance is limited to loss of Gross Profit due to (a) Reduction in Output and (b) increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- (a) IN RESPECT OF REDUCTION IN OUTPUT: the sum produced by applying the Rate of Gross Profit to the amount by which the Output during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Output.

(b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Output which but for that expenditure would have taken place during the Indemnity period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the Insured Standing Charges as may cease or be reduced in consequence of the Damage;

Provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Gross Profit to * the Annual Output, the amount payable shall be proportionately reduced.

* Insert that appropriate multiple if the indemnity period exceeds 12 months.

Departmental Clause: If the business is conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of gross profit mentioned in the schedule shall apply separately to each department affected by the damage except that if the Sum Insured by the gross profit mentioned in the schedule 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 Output thereof, the amount payable shall be proportionately reduced.

Deductible: In case insured is getting indemnified based on provisions of this clause, then deductible applicable for such claim would be calculated considering Gross profit applicable to respective department which has faced loss or damage.

Definitions:-

GROSS PROFIT – The sum produced by adding to the Net Profit the amount of the insured Standing Charges, or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

NET PROFIT – The net trading profit (exclusive of all capital receipt and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all Standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

INSURED STANDING CHARGES – (Appropriate list to be inserted).

<u>OUTPUT</u> - The quantity of + produced at the premises measured in units of ++

+ Insert description of commodity produced by the insured.

++ Insert unit of weight used.

INDEMNITY PERIOD – The period beginning with the occurrence of the damage and ending not later than declared months thereafter during which the results of the business shall be affected in consequence of the damage.

<p>RATE OF GROSS PROFIT – The rate of Gross Profit per unit earned on the output during the financial year immediately before the date of the damage.</p>	<p>To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the damage, would have been obtained during the relative period after the damage.</p>
<p>ANNUAL OUTPUT – The output during the twelve months immediately before the date of the damage.</p>	
<p>STANDARD OUTPUT – The output during that Period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.</p>	

Memo 1: If during the Indemnity Period goods shall produce elsewhere than at the premises and other departments for the benefit of the business either by the Insured or by others on the insured's behalf the quantity so produced shall be brought into account in arriving at the Output during the Indemnity Period.

Memo 2: If any Standing Charges of the business be not insured by this policy then in computing the amount recoverable hereunder as increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the Insured Standing Charges bears to the sum of the Net Profit and all the Standing Charges.

If any damage has occurred giving rise to a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

2.3. Specification C - "Difference" Basis

The insurance is limited to loss of Gross Profit due to (a) Reduction in Turnover and (b) increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- (a) IN RESPECT OF REDUCTION IN TURNOVER: the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Turnover.
- (b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity period in consequence of the Damage but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided.
 Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business payable out of the Gross Profit as may cease or be reduced in consequence of the Damage;
 Provided that if the Sum Insured by this Item be less than the sum produced by applying the Rate of Gross Profit to * the Annual Output, the amount payable shall be proportionately reduced.
 *Insert the appropriate multiple if the Indemnity Period exceeds 12 months.

Departmental Clause:

If the business is conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of gross profit mentioned in the schedule shall apply separately to each department affected by the damage except that if the Sum Insured by the gross profit mentioned in the schedule 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.

Deductible: In case insured is getting indemnified based on provisions of this clause, then deductible applicable for such claim would be calculated considering Gross profit applicable to respective department which has faced loss or damage.

Definitions:-

GROSS PROFIT – The amount by which

- (1) the sum of the Turnover and the amount of the Closing Stock shall exceed.
- (2) The sum of the amount of the Opening Stock and the amount of the Specified Working Expenses.

Note 1- The amount of the Opening and Closing Stocks shall be arrived at in accordance with Insured’s normal accountancy methods, due provisions being made for depreciation.

Specified Workings Expenses

- 1. All Purchases (less Discounts Received);
- 2. % Of the Annual Wage Roll (including Holiday and Insurance contributions);
- 3. Power;
- 4. Consumable Stores;
- 5. Carriage;
- 6. Packing Materials;
- 7. Bad Debts;
- 8. Discounts Allowed;
- 9. Any other expenses to be specified

Note 2 – The words and expressions used in this Definition shall have the meaning usually attached to them in the books and accounts of the Insured.

TURNOVER – The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

INDEMNITY PERIOD – The period beginning with the occurrence of the damage and ending not later than declared months thereafter during which the results of the business shall be affected in consequence of the damage.

<p><u>RATE OF GROSS PROFIT</u> – The rate of Gross Profit earned on the turnover during the financial year immediately before the date of the damage.</p>	<p>To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the damage, would have been obtained during the relative period after the damage.</p>
<p><u>ANNUAL TURNOVER</u> – The Turnover during the twelve months immediately before the date of the damage.</p>	
<p><u>STANDARD TURNOVER</u> –The Turnover during that Period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.</p>	

Memo 1: If any damage occurred and give raise to a claim under this policy, such return shall be made in respect only of said difference as it is not due to the damage.

Memo 2: If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises and other departments for the benefit of the business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

2.4 Specification D – Revenue Basis

The insurance is limited to (a) loss of Gross Revenue and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- (a) IN RESPECT OF LOSS OF GROSS REVENUE: the amount by which the Gross Revenue earned during the Indemnity Period shall, in consequence of the damage, fall short of the Standard Gross revenue.
- (b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross revenue which but for that expenditure would have taken place during the indemnity period in consequence of the Damage but not exceeding the amount of the reduction in gross revenue thereby avoided.

less any sum saved during the Indemnity Period in respect of such of the working expenses and standing charges of the business as may cease or be reduced in consequence of the damages,

Provided that if the Sum Insured by this Item be less than (where the Indemnity Period exceeds 12 months insert ‘times’ as may be appropriate e.g. for 18 months insert one and a half times) * the Annual Gross Revenue, the amount payable under this shall be proportionately reduced.

Definitions :-

GROSS REVENUE – The money paid or payable to the insured for work done and service rendered* *in course of the business at the premises.

INDEMNITY PERIOD – The period beginning with the occurrence of the damage and ending not later than declared months (as mentioned in policy schedule) thereafter during which the results of the business shall be affected in consequence of the damage.

<p><u>STANDARD GROSS REVENUE</u> – The gross Revenue during the period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.</p>	<p>To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted</p>
<p><u>ANNUAL GROSS REVENUE</u> – The Gross Revenue earned during the period in the twelve months immediately before the date of the damage.</p>	<p>shall represent as nearly as may be reasonably practicable the results which, but for the damage, would have been obtained during the relative period after the damage.</p>

* Here is inserted the appropriate multiple if the Indemnity period exceeds 12 months.

** Here is inserted an agreed description such as “work done and service rendered” or “entertainment provided” and, if necessary, a qualifying exclusion such as “excluding the cost of drink and food supplied.”

Memo 1: If during the Indemnity Period work shall be done or services rendered elsewhere than at the premises and other departments for the benefit of the business either by the Insured or by others on insured’s behalf the money paid or payable in respect of such work or services shall be brought into account in arriving at the Gross Revenue during the Indemnity Period.

Memo 2: In the event of * the Gross Revenue earned during the accounting period of twelve months most nearly concurrent with any period of Insurance, as certified by the Insured’s Auditors, less than the Sum Insured thereon, a pro-rata return of premium not exceeding 50% (or % mentioned in policy schedule) of the premium paid on such Sum Insured for such period of Insurance will be made in respect of the difference provided the Insured’s declarations is received within twelve months of the expiry of the policy if any damage shall have occurred, giving rise to A claim under the policy, such return shall be made in respect only of so much of the said difference as is not due to such damage.

Note: The words “Gross Revenue” wherever they occur, may be altered to Revenue, Gross Income, Commission, Gross Fees, Royalties or similar term to suit the nature of the income of an insured’s business.

Note: The words “Gross Revenue” wherever they occur, may be altered to Revenue, Gross Income, Commission, Gross Fees, Royalties or similar term to suit the nature of the income of an insured’s business.

* Here is inserted the appropriate multiple if the Indemnity Period exceeds 12 months.

2.5 Specification E – Alternative Basis Clause

It is agreed and declared that, whenever found necessary, the term ‘Output’ may be substituted for the term ‘Turnover’ and for the purpose of this policy ‘Output’ shall mean the sale value of goods manufactured by the ‘Insured’ in the course of the business at the premises,

Provided that:

- (a) Only one such meaning shall be operative in connection with any one occurrence involving damage (as within defined).
- (b) If the meaning set out above be used, memo No.1 shall be altered to read as follows:

Memo 1: If during the INDEMNITY PERIOD goods shall be manufactured other than at the premises and other departments for the benefit of the business either by the Insured or by others on the Insured’s behalf, the sale value of the goods so manufactured shall be brought into account in arriving at the OUTPUT during the INDEMNITY PERIOD.

3) SPECIAL EXCLUSIONS

- a) This Policy does not cover loss resulting from interruption of or interference with the business directly or indirectly attributable to:

- 1) any restrictions on reconstruction or operation imposed by any public authority.
- 2) the Insured's lack of sufficient capital for timely restoration or replacement of property lost destroyed or damaged.
- 3) loss of business due to causes such as suspension lapse or cancellation of a lease license or order etc. which occurs after the date when the items lost destroyed or damaged are again in operating condition and the business could have been resumed, if said lease license order etc. had not lapsed or had not been suspended or cancelled.
- 4) damage to boilers economizers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion (excluding Chemical explosion) or rupture.

Note: Chemical Explosion shall mean an explosion arising out of chemical reaction in any plant.

- 5) electronic installations, computers and data processing equipment.
- 6) Damage resulting from:
 - i deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software.
 - ii Other erasure loss distortion or corruption of information on computer systems or other records programs of software unless resulting from fire lightning explosion aircraft, impact by any road vehicle or animals' earthquake, hurricane, windstorm flood, bursting overflowing discharging or leaking of water tanks apparatus or pipes in so far as it is not otherwise excluded unless caused by Damage to the machine or apparatus in which the records are mounted.

- 7) mechanical or electrical breakdown or derangement of machinery or equipment.

This Policy does not cover the deductible stated in the Schedule to be borne by the Insured.

4) SPECIAL PROVISIONS

a) Return of Premium

If the Insured declares, at the latest twelve months after the expiry of any Policy Period, that the Gross Profit earned (or a proportionately increased multiple thereof where the maximum Indemnity Period exceeds 12 months) during the accounting period of 12 months most nearly concurrent with any Policy Period, as certified by the Insured's Auditors, was less than the Sum Insured thereon, a pro-rata return of premium not exceeding 50% or % mentioned in the policy schedule of the provisional premium paid on such Sum Insured for such Policy Period shall be made in respect of the difference. Where, however, the declaration is not received by the Company within 18 months after the expiry of the Policy Period, no refund shall be admissible.

If any loss destruction 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 loss destruction or damage.

b) Overhauls

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections, modifications carried out during any period of interruption.

c) Standard Gross Profit

Amount equivalent to the rate of gross profit applied to the standard turnover.

5) MACHINERY LOSS OF PROFIT INSURANCE (MLOP) (OUTPUT BASIS)

Whereas the Insured has applied to **the Company** for the indemnity hereinafter contained and has made a written proposal and declaration which shall be the basis of this contract and is deemed to be incorporated herein and has paid the premium

as per the provisions of the Machinery Loss of Profit and the rules framed there under. The Policy is extended to cover Machinery Loss of Profit by deleting below mentioned

Special Exclusions–

a. damage to boilers economizers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion (excluding Chemical explosion) or rupture.

Note: Chemical Explosion shall mean an explosion arising out of chemical reaction in any plant.

b. electronic installations, computers and data processing equipment.

c. Damage resulting from:

- i). deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software.
- ii). Other erasure loss distortion or corruption of information on computer systems or other records programs of software unless resulting from fire lightning explosion aircraft, impact by any road vehicle or animals' earthquake, hurricane, windstorm flood, bursting overflowing discharging or leaking of water tanks apparatus or pipes in so far as it is not otherwise excluded unless caused by Damage to the machine or apparatus in which the records are mounted.

d. mechanical or electrical breakdown or derangement of machinery or equipment.

This Policy does not cover the deductible stated in the Schedule to be borne by the Insured.

Note: Chemical Explosion shall mean an explosion arising out of chemical reaction in any plant.

1) electronic installations, computers and data processing equipment.

2) Damage resulting from:

- i). deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software.
- ii). Other erasure loss distortion or corruption of information on computer systems or other records programs of software unless resulting from fire lightning explosion aircraft, impact by any road vehicle or animals' earthquake, hurricane, windstorm flood, bursting overflowing discharging or leaking of water tanks apparatus or pipes in so far as it is not otherwise excluded unless caused by Damage to the machine or apparatus in which the records are mounted.

3) mechanical or electrical breakdown or derangement of machinery or equipment.

This Policy does not cover the deductible stated in the Schedule to be borne by the Insured.

4) damage to boilers economizers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion (excluding Chemical explosion) or rupture.

PROVIDED ALSO that at the time of happening of an accident, there shall be in force of an insurance covering the machinery described in the schedule from any accidental loss indemnifiable under section 1 (B) of this policy and in respect of which liability shall have been admitted or would have been admitted but for the operation of any Excess there under.

PROVIDED ALWAYS that the due observance and fulfilment of the terms 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 answer(s) in the proposal shall be conditions precedent to any liability of the Company.

Exclusions Applicable to MLOP

The Company shall not be liable for any loss resulting from interruption of or interference with the business directly or indirectly attributable to any of the following causes -

- i) Willful act or willful neglect or gross negligence of the insured or his responsible representatives.
- ii) Loss or damage to machinery or other items which are not listed in the list of machinery insured even if the consequence of material damage to an item indicated in the list of machinery insured is involved.
- iii) Loss or damage caused by any faults or defects existing at the time of commencement of this insurance within the knowledge of the insured or his responsible representatives whether such faults or defects were known to the Company or not.
- iv) Shortage, destruction, deterioration and spoilage of or damage to raw materials, semi-finished or finished products or catalyst or operating media (such as fuel, lubricating oil, refrigerant, heating media and the like) even if the consequence of material damage to an item indicated in the list of machinery insured is involved.
- v) Any restrictions on reconstruction or operation imposed by any public authority.
- vi) An extension of the normal repair period for more than 4 weeks on account of-
 - a) the inability to secure or delays in securing replacement parts, machines or technical services.
 - b) the inability to carry or delays in carrying out repairs.
 - c) the prohibition to operate the machinery due to import and/or export customs & other restrictions or by statutory regulations.
 - d) transport of parts to and from the Insured's premises.
- vii) Alterations improvements or overhauls being made while repairs or replacements of damaged or destroyed property are being carried out.
- viii) Loss damage and/or liability caused by or arising from or in consequence directly or indirectly of -
 - a) War, Invasion, Act of foreign enemy, hostilities or War like operations (whether war be declared or not), Civil War, Rebellion, Revolution, Insurrection, Mutiny, Riot, Strike, Lockout and Malicious Damage, Civil Commotion, Military or usurped power, martial law, conspiracy, confiscation, commandeering a group of malicious person or persons acting on behalf of or in connection with any political organisation, requisition or destruction or damage by order of any government de jure or de facto or by any public. Municipal or Local Authority, an act of terrorism or the action of any lawfully constituted authority in suppressing or attempting to suppress or minimize the consequences thereof.
 - b) Nuclear reaction, nuclear radiation or radioactive contamination.

Conditions Applicable to MLOP

- a) This Policy and the Schedule(s) 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 of the Schedule(s) shall bear such meaning wherever it may appear.
- b) This Policy shall be avoidable in the event of misrepresentation, misdescription or nondisclosure in material particular.
- c) This Policy shall be avoided if,
 - i) the business be wound up or carried on by a liquidator or receiver or permanently discontinued OR
 - ii) the insured's interest ceases otherwise than by death OR
 - iii) any alteration be made whereby the risk of an accident is increasedOR
 - iv) the retention of standby or spare machinery or any other loss minimizing factors in existence when this insurance was effected be reduced or discontinued unless its continuance is admitted by an endorsement signed by or on behalf of the Company.
- d) The insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.

- e) i. Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
- ii. The Insured shall immediately notify the Company in writing of any material change in the risk and cause at his own expense, such additional precautions to be taken as circumstances may require and the scope of cover and/or premium shall if necessary be adjusted accordingly.
- iii. Dismantling and reassembling in connection with any examinations shall be carried out by the Insured on such date or dates as the Company and the insured mutually agree upon for the making of such examinations.
- No material alteration shall be made or admitted by the insured whereby the risk is increased, unless the continuance of the cover provided under this Policy is confirmed in writing by the Company.
- f) The Insured shall be obliged to keep complete records. All records e.g. inventories, production and balance sheets for the three preceding years shall be held in safe keeping or as a precaution against their being simultaneously destroyed the insured shall keep separate sets of such records.
- g) In the event of any occurrence, which gives rise to or is likely to give rise to a claim under this Policy the Insured shall -
- i) Forthwith give notice thereof to the Company.
- ii) 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 interruption of or interference with the business or to avoid or diminish the loss resulting therefrom.
- iii) as far as may be reasonably practicable without causing any increase in the period of interruption or interference take precautions to preserve any things which might prove necessary or useful by way of evidence in connection with any claim
- iv) discontinue the use of any damaged machinery unless the Company authorize otherwise and the Company shall not be liable in respect of any further interruption or interference arising out of the continued use of any damaged machinery without their having given their consent to such use until said machinery has been repaired to the satisfaction of the insurers
- v) In the event of a claim being made under this Policy not later than thirty days after the expiry of the indemnity period or within such further time as the Company may allow in writing at his own expense deliver to the Company a written statement setting forth particulars of his claim together with details of all other policies covering the accident or any part of it or consequential loss of any kind resulting therefrom and the insured shall at his own expense also produce and furnish to the Company such books of accounts and other business books e.g. invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company 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.
- No claim under this Policy shall be payable unless the terms of this condition have been complied with and in the event of non-compliance therewith in any respect any payment already made on account of the claims shall be repaid to the Company forthwith.
- h) In the event of an accident to any insured machinery likely to give rise to a claim under this Policy, the Company shall have the right to take over and control all necessary repairs or replacements.
- i) The Insured shall at the expense of the Company do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights or remedies or

obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon its paying for or making good any loss or damage under this Policy whether such acts and things are or become necessary or required before or after his indemnification by the Company.

- j) If the claim be in any respect fraudulent or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by the insured or any one acting on his behalf to obtain any benefit under this policy or if the Accident be occasioned by the willful act or with the connivance of the insured or if the claim be made and rejected and an action or suit be not commenced within three months after such rejection or in case of an arbitration taking place as provided hereunder within three months of this policy after the Arbitrator or Arbitrators or Umpire shall have made their award, all benefit under this Policy shall be forfeited.
- k) If at the time of any accident resulting in a loss under this Policy there be any other insurance covering the same loss or damage, the Company shall not be liable to pay more than its rate able proportion of the loss.
- l) This insurance may be terminated at the request of the insured in which case the Company will retain the customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated at the option of the Company on 7 days notice to that effect being given to the insured, in which case the Company shall be liable to repay on demand a rate able proportion of the premium for the unexpired term from the date of cancellation less any reasonable inspection charges the Company may have incurred.
- m) Midterm increase in Sum Insured -
'If the sum insured is increased during the currency of the policy -
i) Short period scale of rate shall apply to the increased amount.
ii) If the policy is renewed thereafter for twelve months, for an amount not less than the increased total sum insured, the difference of premium between the short period scale of rates and pro-rata rate, may be refunded, or a new policy for the full increased sum insured, may be issued, at the tariff rate (annual or short period, as required) cancelling the old insurance and allowing a pro-rata refund for the unexpired period of the cancelled policy'.
- n) Departmental Clause - Applicable when business has separate sections or departments, each earning a different rate of gross profit.)
If the business be conducted in departments, the independent trading results of which are ascertainable, the provision of clauses (a) & (b) of item 1 of the specification shall apply separately to each department affected by the damage; provided 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 provided for each department of the business (whether affected by the accident or not) to the relative annual output thereof, the amount payable shall be proportionately reduced.
- o) In no case whatever shall the Company be liable in respect of any claim under this Policy after the expiry of -
i) One year from the end of the indemnity period or if later
ii) Three months from the date on which payment shall have been made or liability admitted by the Company covering the Accident giving rise to the said claim unless the claim is the subject of pending action or Arbitration.
- p) Every notice and other communication required by these conditions must be written or printed.
- q) Machinery loss of profit cover can be opted only if section 1(B) i.e coverage for machinery breakdown has already opted in this policy.

SPECIFICATION A - INSURANCE ON GROSS PROFIT ON OUTPUT BASIS

1. On Gross Profit

The cover provided under this Policy shall be limited to loss of gross profit due to (a) reduction in output and (b) increase in cost of working and the amount payable as indemnity thereunder shall be:

- a) In respect of Reduction in output the sum produced by applying the rate of gross profit to the amount by which the output during the indemnity period shall in consequence of the damage fall short of the standard output.
- b) In respect of Increase in Cost of Working; the additional expenditure (subject to provision of memos) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in output which but for that expenditure would have taken place during the indemnity period in consequence of the damage, but not exceeding the sum produced by applying the rate of gross profit to the amount of the reduction thereby avoided. Less any sum saved during the indemnity period in respect of such of the Insured standing charges as may cease or be reduced in consequence of the damage.

Provided that if the sum insured by this item be less than the sum produced by applying the rate Of gross profit to the annual output, the amount payable shall be proportionately reduced.

Definitions:-

1. Gross Profit

The sum produced by adding to the Net Profit the amount of the Insured standing charges or if there be no Net Profit, the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

2. Net Profit

The Net Trading Profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the Premises after due provision has been made for all Standing and Other Charges including depreciation but before the deduction of any taxation chargeable on profits.

3. Output

The quantity produced at the premises, measured in units as specified in policy schedule.

4. Indemnity Period and Time Excess

The Period not exceeding the indemnity period limit stated in the list of machinery and plant insured commencing with the occurrence of the accident during which the results of the business are affected in consequence of such accident provided always that the insurers are not liable for the amount equivalent to the rate of gross profit applied to the standard output during the period of time excess (in terms of days) stated in the policy.

5. Rate Of Gross Output

<p>a) Rate of Gross Profit: Rate of Gross Profit per unit earned on the output during the financial year immediately before the date of damage.</p>	<p>To which such adjustments shall be made as may be necessary to provide for the trend of business and for variations in or special business circumstances affecting the business either before or after the damage or which would have affected the business had damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable. The results which</p>
<p>b) Standard Output: Output during that period in 12 months immediately before the date of damage which correspond to indemnity period.</p>	

<p>c) Annual Output: The output during 12 months immediately before the date of damage.</p>	<p>but for the damage would have been obtained during the relative period after the accident.</p>
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Provisions of MLOP

1. Memo 1 - Benefits from Other Premises

If during the indemnity period goods are sold, Manufactured or services are rendered elsewhere than at the insured premises for the benefit of the business either by the Insured or by others acting on his behalf, the money paid or payable in respect of such sales or services shall be taken into account in arriving at the turnover during the indemnity period.

2. Memo 2 - Relative Importance

The term relative importance referred to in the list of machinery and plant insured shall be the percentage effect which a breakdown of a particular machine will have on the total gross profit, disregarding any loss minimizing measures.

If in the event of an accident affecting an insured item of machinery, the percentage of relative importance stated in the list of machinery and plant insured for this item is lower than the actual percentage of relative importance subsequently arrived at for the period of interruption, the Company shall only be liable to indemnify the proportion which the percentage of relative importance stated in the list of machinery and plant insured bears to the actual percentage.

3. Memo 3 - Returns of Premium

If the Insured declares at the latest twelve months after the expiry of any Policy year that the gross profit earned during the accounting period of twelve months most nearly concurrent with any Policy Period as certified by the Insured's auditors was less than the sum insured thereon, a pro-rata return of premium not exceeding 50% of the provisional premium paid on such sum insured for such Policy Period shall be made in respect of the difference.

If any accident has occurred giving rise to a claim under this Policy, the amount of such claim shall be added to the revised Gross Profit as certified by the insured's auditors before calculating the proportion of return of premium.

4. Memo 4 - Overhauls –

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

5. Memo 5 – Reinstatement of sum Insured –

For the period following the occurrence of an accident up to the end of the Policy Period, the sum insured shall be reinstated by payment of an additional premium on a pro-rata basis. Such additional premium shall be adjusted against the net claim amount payable and such premium shall be calculated for that part of the sum insured, which corresponds to the indemnity, paid. The agreed sum insured shall remain unaltered.

DEDUCTIBLES

This policy does not cover the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

SECTION 3 – ACCOMPANIED BAGGAGE

1. Definition -

- (a) Accident: It means a sudden, unforeseen and involuntary event caused by external, visible and violent means.
- (b) Baggage: Baggage shall mean the goods for which he or she is responsible officially and personal goods belonging to the Insured or such goods are necessary for the purposes of his journey and are being taken by him or her on journey or acquired by him/her during the journey.
- (c) Insured Person: Insured Person shall mean the Insured, its employees or any person on Insured's payroll.
- (d) Journey: Journey shall mean any business trip undertaken in connection with official purpose outside the city, town or municipal limit of normal place of work of the Insured.
- (e) Market Value: It means the replacement value of the baggage or item as new at the time of damage less due allowance for betterment, wear and tear and/or depreciation OR the value which can be realized from the market for such insured property immediately before the occurrence of damage, if such value is ascertainable, whichever is lower.

2. Cover

In the event of loss of or damage to Baggage due to any Accident, theft or personal mishap suffered by the Insured Person whilst on journey, anywhere in the territorial limits specified in the Schedule, the Company will indemnify the Insured in respect of such damage up to the Market Value of the Baggage at the time of happening of damage or loss upto the limits stated in the Schedule in any one Policy Period.

3. Exclusions

The Company shall not be liable in respect of:

- a) The Excess stated in the Schedule in any one occurrence.
- b) Loss of or damage due to cracking, scratching or breakage of lens or glass whether part of any equipment or otherwise or of china, marble, screen or other article of brittle or fragile nature unless such loss or damage arises from accident of vessel, vehicle, train or aircraft by which such property insured is conveyed.
- c) Loss of or damage caused by moth, mildew, vermin or any process of cleaning, repairing, dyeing or restoring to which the property insured is subjected.
- d) Loss of or damage to any electrical or electronic machines, apparatus fixtures or fitting (including wireless sets, computer, radio, television set or tape recorders) arising from over running, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity from whatever cause (lightning included).
- e) Loss or damage caused by mechanical derangement or over winding of watches and clocks.
- f) Theft from car except from car of fully enclosed saloon type having all doors, windows and other openings securely locked and properly fastened.
- g) Loss or damage whilst being conveyed by any carrier under contract of affreightment.
- h) Damage to money, foreign exchange, securities, manuscripts, deeds, bonds, bills of exchange, promissory notes, stock or share certificates, stamps, business books or documents, jewellery, watches, furs, precious metals, precious stones, gold or silver ornaments or any other valuables including cash, cheque, travel tickets, bank drafts, share certificates and stamps.
- i) Loss or damage to the perishable and consumable goods.
- j) Loss of articles like fans, umbrellas, sun glasses, sticks, in use on the voyage or articles or clothes whilst being worn on the person of the Insured or carried about.
- k) Damage due to confiscation or detainment by the order of any Government or any other public authority.
- l) Loss or damage not reported to local police where the loss occurred, within 48 hours of discovery and a written report is not obtained from such authority.

- m) Damage or destruction caused by or arising from the leakage, spilling or exploding of liquids, oils or material of like nature or articles of a dangerous or damaging nature.
- n) any willful act or willful neglect or gross negligence on the part of the Insured or any person acting on his behalf.

DEDUCTIBLES

This policy does not cover the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

SECTION 4 – MONEY SECTION

1. Definitions:

- a) **Accident:** It means a sudden, unforeseen and involuntary event caused by external, visible and violent means.
- b) **Money:** Money shall mean and include Cash, Coins, Bank Draft, Currency Notes (including foreign currency), Cheques, Traveller's Cheque, Postal Order, Money Order, Pay Order, Current Postage Stamp, unused Postage and Revenue Stamps, Stock and Share Certificates or other Certificates of a negotiable nature, Credit Card Vouchers.
- c) **Bank:** Bank shall mean and include Bank of every description, Post Office and Government Treasury.
- d) **Business :** It means the Insured's business specified in the Schedule.
- e) **Business / Working Hours :** That period of time that the Insured Person is on the premises of the Business for the purpose of Insured's Business.
- f) **Insured Person:** Insured Person shall mean the Insured, its employees, any person on Insured's payroll or Insured's authorized representatives.

2. Cover

In the event of loss of Money relating to the Insured's business happening during the currency of the Policy in accordance with Circumstance(s) or Situation(s) described below, the Company shall indemnify the Insured against such loss subject to limits stated in the Schedule:

Circumstance(s) or Situation(s):

- i) Loss of Money due to Accident or misfortune whilst in direct transit in connection with the Insured's Business from or to the insured premises provided that such Money is in personal custody of the Insured Person.
- ii) Loss of Money due to Accident or misfortune whilst in direct transit in connection with the Insured's Business between any collection/payment centre and Bank provided such Money is in personal custody of the Insured Person.
- iii) Loss of Money due to house breaking, robbery, dacoity, hold-up whilst in Insured premises during Business Hours.
- iv) Loss of Money due to house breaking, robbery, dacoity, hold-up whilst in locked safe or strong-room, locked steel almirah /standard cash box inside the Insured premises outside business hours.

The Company will indemnify the cost of replacement or repair of the Insured's safe or strong room at the insured premises, to the extent these expenses have been included in the Sum Insured, in the event of its being damaged by thieves or burglars.

3. Exclusions

The Company shall not be liable in respect of:

- 1) Shortage of Money due to error or omission.
- 2) Loss of Money entrusted to any person other than the Insured Person.
- 3) Loss arising from fraud or dishonesty of the Insured Person unless such loss is discovered within 72 hours of its occurrence.
- 4) Loss of Money extracted from safe/ almirah, strong-room following the use of key to the said safe/ almirah or strong-room, unless such key has been obtained by assault or violence or threat thereof.
- 5) Loss occurring on the Insured's premises mentioned in the schedule, after Business Hours, unless the money is in locked safe/ almirah or strong rooms or properly secured and fixed locker.
- 6) Theft of Money from unattended vehicle except from car of fully enclosed saloon type having all its doors, windows and other openings securely locked and properly fastened.
- 7) Money carried under contract of affreightment
- 8) Loss of or Damage to Money in transit by post.
- 9) Loss of money collected by Insured Person(s) whilst they are in transit if such money has remained in their personal custody for more than 72 hours.
- 10) Loss of Money insured by any other Policy except in respect of any excess beyond the amount which would have been payable under such Policy or Policies had this insurance not been affected.
- 11) Loss of Money in transit outside the municipal limits of the city/town where the insured premises are located.
- 12) Loss suffered due to counterfeit Money.

4. Transit Security Warranty

All transits of Money in excess of Rs.5,00,000 shall be in a locked briefcase conveyed as far as practicable in a motor vehicle accompanied at all times by at least one permanent employee of the Insured.

5. Special Conditions

- (a) **MAINTENANCE OF BOOKS AND KEYS:** The Insured shall keep a daily record of the amount of cash contained in the safe or strong room and such record shall be deposited in a secure place other than the said safe or strong room, and produced as evidence in support of a claim under this policy. The keys of the safe or strong room shall not be left on the Insureds' premises out of business hours unless the Insureds' premises are occupied by the Insured or any other permanent designated employee of the Insured in which case such keys if left on the Insureds' premises shall be deposited in a secure place not in the vicinity of the safe or the strong room.
- (b) **ADJUSTMENT OF PREMIUM:** This extension provision is applicable only if it is opted by the Insured. The premium in so far as it relates to cash-in-transit is to be regulated by the amount of such Money in transit during each Policy Period and for this purpose a proper record shall be kept in the books of the Insured which the Insured shall at all reasonable times allow the Company to inspect. Within one month from expiry of each Policy Period, the Insured shall furnish the Company with a correct account of all such Money in transit during the period and if the ascertained amount shall differ from the estimated amount on which premium has been paid, the difference in premium shall be met by the further proportionate payment to the Company or by a refund to the Insured as the case may be, but in no case shall the refund be more than 50% of the premium stated in the Schedule and retention of premium shall not be less than the minimum of Rs. 250/-.
- (c) It is provided that the Money in the premises is deposited in safe, strong-room, steel almirah or standard cash box under lock and key out of business hours.

DEDUCTIBLES

This policy does not cover the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

SECTION 5 – FIDELITY COVER

1. Cover

We will indemnify the Insured against direct pecuniary loss caused by act of fraud or dishonesty, committed on or after the date of commencement of this policy, by any person employed by the Insured or any person on Insured's payroll, upto the amount(s) stated in the Schedule.

Provided that the loss shall have occurred in connection with occupation and duties of the Insured's employee during the uninterrupted continuance of his/her employment and be discovered within 6 months after the death, resignation, dismissal or retirement of such person or 12 calendar months after this Policy shall have ceased to exit, whichever of these events shall happen first.

2. Special Conditions

- 1) The Company will not pay more than one claim in respect of acts or defaults of any one employee and we will indemnify the Insured only in respect of act and defaults committed since date of commencement of risk in the Schedule hereto for such employee.
- 2) It is also provided and declared that the Company shall not be liable for any act or default of any employee done or omitted to be done after the discovery by the Insured of any act of forgery, embezzlement, larceny or fraudulent conversion on the part of such employee.
- 3) The Insured shall, if and when required by the Company at its expense, if a conviction be obtained, use all diligence in prosecuting the employee to conviction for any act or default done by the said employee in consequence of which a claim shall have been made under the Policy and the Insured will at the Company's expense give all information and assistance to enable the Company to sue for and obtain reimbursement from any such employee by reason of whose acts or default a claim has been made or from the estates of such employee all the moneys which the Company shall have become liable to pay in respect thereof.
- 4) Any sum of money which but for act or default on part of an employee would have become payable or due to him by the Insured shall be deducted from the amount payable under this Policy.
- 5) The Company shall not be liable in respect of losses arising elsewhere than in the Territorial Limits stated in the Schedule.
- 6) On the discovery of any act of default or circumstances which may give rise to a claim, the Insured shall:
 - a. forthwith give written notice to the Company;
 - b. immediately take all steps to prevent further loss;
 - c. supply at the request of and free of expense to the Company all such proof, information and other evidence (verified by statutory declaration if so required) relating to the claim as the Company may require.
- 7) If the Insured is or shall hereafter be guaranteed by any other person, society or company or hold other security or insurance against such loss as is hereby guaranteed, the Company shall only be liable to bear the loss rateable with such person, society or company or securities or insurance.
- 8) Unless the Company be advised by the Insured and the Company's written approval be obtained, the Company shall not be liable hereunder in the event of any change in the nature of the business of the Insured or in the duties and condition of service

of the employee or if remuneration of the employee be reduced or its basis altered or if the precautions stated by the Insured with regard to accounting be not duly followed or if the Insured shall continue to entrust the employee with money or goods after having knowledge of any material fact bearing on the honesty of the employee.

- 9) If any part of the premium or renewal is based on estimates furnished by the Insured, the Insured shall keep an accurate record containing all relevant particulars and shall allow the Company to inspect such record. The Insured shall within one month after the expiry of each Policy Period furnish such information as the Company may require. The premium or renewal premium shall thereupon be adjusted and the difference paid or allowed to the Insured.
- 10) If required by the Company in case of any loss to the Insured be permitted at all reasonable times to examine into the circumstances of such loss and the Insured shall on being required to do so by the Company produce all books of accounts, receipts, documents relating to or containing entries relating to the loss in his possession and furnish copies of or extracts from such of them as may be required by the Company so far as they relate to such claims and will in any way assist the Company to ascertain the correctness thereof or the liability of the Company under this Policy.
- 11) For the purpose of identifying employee in all cases of change of residence or occupation or change of name whether by marriage or otherwise due notice thereof in writing shall be given by the Insured to the Company.

DEDUCTIBLES

This policy does not cover the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

SECTION 6 – PUBLIC LIABILITY

1. Definitions

- a) **Accident:** It means a sudden, unforeseen and involuntary event caused by external, visible and violent means.
- b) **Accidental Damage:** It means actual and/or physical loss of or damage to tangible property as a result of accident.
- c) **Accidental Injury:** It means bodily injury, illness or disease including death of or to any person as a result of Accident.
- d) **Business:** It means the business specified in the Schedule.
- e) **Event:** It means one occurrence or number of occurrences arising directly or indirectly from one source or original source.
- f) **Insured Person:** It means Insured Person shall mean the Insured, its employees, any person on Insured's payroll or Insured's authorized representatives.
- g) **Pollution:** It means pollution or contamination of the atmosphere or of any water, land or other tangible property.

2. Cover

The Company shall indemnify the Insured against all sums which the Insured shall become legally liable to pay as compensation for -

- a) Accidental injury/ illness/ death to any person other than any Insured Person or his/her Family member.
- b) Accidental Damage to property belonging to any person/ entity other than any Insured Person or his/her Family member.

Provided that the accident has taken place in connection with the Insured's Business during the Policy Period or any subsequent period as mentioned in the Policy schedule, for which the Insured Person is held responsible and the claim is lodged on the Insured Person during the Policy Period.

We will indemnify You in respect of Your liability towards:

- a) Compensation payable to third parties in accordance with Indian Law
- b) Third party legal costs awarded by the Court;
- c) Reasonably incurred insured's defence costs.
anywhere in India.

3. Exclusions

We will not be liable for:

- 1. The deductible/ excess mentioned in the policy schedule for any one accident.
- 2. Injury or Damage to property caused by products (except while remaining in the Insured's custody or control) other than food or beverages sold or supplied by the Insured or on its behalf to visitors for consumption in the insured premises.
- 3. Accidents directly or indirectly caused by, traceable to or arising out of the ownership, possession or the custody by You or on Your behalf of animals, vehicles, aircraft, ships, boats or craft of any kind.
- 4.
 - a. Any compensation for death of or bodily injury to Insured Person or its contractor's employee or damage to property belonging to or in the custody, care, control of Insured Person or its contractor's employees.
 - b. Damage to property owned, leased and hired or under hire-purchase or on loan to the Insured or otherwise in its control, care, custody other than the premises (or contents thereof) temporarily occupied by the Insured for work therein (but no indemnity is granted for Damage to that part of the property on which the Insured is working and which arises out of such work).
- 5. Any claim arising out of infringement of plans, copyright, patents, trademarks and registered design.
- 6. Any claim arising from or in connection with:
 - a. The giving of advice by or on its behalf.
 - b. The designs, plans, formula or specification of products or work for a fee.
- 7. Accidents arising out of Act of God perils like earthquake, flood, cyclone etc.
- 8. Any pollution liability.
- 9. Accident arising out of any willful or deliberate act or omission.

DEDUCTIBLES

This policy does not cover the deductibles stated in the schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including any condition of Average.

GENERAL CONDITIONS (APPLICABLE FOR ALL THE SECTIONS)

a) Due Diligence

The insured shall at all times act with due diligence to prevent, or minimize the extent of, any loss of or damage to the property and business interruption.

b) Misrepresentation

If there be any material mis-description of any of the property hereby insured or of the trade, process or manufacture carried out by the Insured or any misrepresentation as to any fact material for estimating the risk or any omission to state such fact, the Insurer shall not be liable under this Policy so far as it relates to property affected by any such mis-description,

misrepresentation or omission. It is also understood and agreed that this Policy shall be voidable in case of non-disclosure of material facts by The Insured.

c) Fraud

If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under the policy or if the loss or damage be occasioned by the willful act, or with the connivance of the Insured, all benefits under this policy shall be forfeited.

d) Cancellation

This insurance may be terminated at any time at the request the Insured, in which case the Company will retain the premium at Customary short period rate for the time the policy has been in force. This insurance may also at any time be terminated at the option of the Company, on 15 days notice to that effect being given to the Insured, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

RATES FOR SHORT PERIOD INSURANCE

Policies for a period of less than 12 months shall be issued at the rates set out hereunder:

For period not exceeding	15 days	10% of the Annual rate
-do-	1 month	15% of the Annual rate
-do-	2 months	30% of the Annual rate
-do-	3 months	40% of the Annual rate
-do-	4 months	50% of the Annual rate
-do-	5 months	60% of the Annual rate
-do-	6 months	70% of the Annual rate
-do-	7 months	75% of the Annual rate
-do-	8 months	80% of the Annual rate
-do-	9 months	85% of the Annual rate
For a period exceeding	9 months	The full Annual rate

In case of any claim during the currency of the Policy, no refund whatsoever shall be made for any cancellation of the Policy by the Insured.

e) Arbitration

Any dispute or claim arising out of or in relation to this insurance policy shall be referred to and resolved by arbitration under the Arbitration & Conciliation Act, 1996, enacted in India. The arbitration proceedings shall be conducted in English under and in accordance with the provisions of the said Arbitration and Conciliation Act 1996.

The seat of arbitration shall be the place of issuance of this insurance policy or any other place in India as agreed by the parties and the parties shall bear costs of fees and expenses of arbitral tribunal in equal proportion until unless otherwise stated in arbitral or other order/award.

f) Applicable Law

This Insurance is issued subject to, and shall be governed by, the Laws of the Republic of INDIA.

g) Subrogation

The Insured shall at the expense of the Company do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its 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 his indemnification by the Company.

h) Coinsurance

It is hereby declared and agreed that the Insurers named hereunder severally agree each for the proportion set against its name:

- a) to pay make good to the insured the value of the property at the time of the happening to its loss or destruction or the amount of such damage thereto as provided for under the Policy and/ or
- b) to indemnify the Insured against liability at law for damage to property any or injuries to persons as provided for under the Policy.

PROVIDED always that:

- (i) the liability of the Insurers shall in no case exceed in respect of each item of the sum expressed in the said schedule to be insured thereon or in the whole, the total sum insured hereby or such other sum or sums as may be substituted thereof by endorsement.
- (ii) the liability of each of the Insurers individually in respect of such loss or destruction or damage or indemnity shall be limited to the proportion set against its name or such other proportion as may be substituted thereof by endorsement.

It is understood, however, that the Insured shall have the right at all times during the currency of the policy to communicate only, with the leading or issuing office in all matters pertaining this insurance.

Subject otherwise to the terms exceptions conditions and limitations of this Policy.

Sr. no.	Name of Insurance Co.	% of share

i) Reasonable Precautions

The Insured shall take at his own expense all reasonable precautions, maintain the property in a proper state of repair and comply with all reasonable recommendations made by The Insurer, to prevent loss of or damage to the Property Insured or any liability arising under this Policy of Insurance and comply with all relevant statutory requirements.

j) Duty Of Insured

On the happening of any loss or damage the:

- 1) Insured shall take all reasonable steps within his power to minimize the extent of the loss or damage.
- 2) preserve the damaged or destroyed Property and make them available for inspection by the Company.
- 3) furnish all such information and documentary evidence as explained in the condition.

k) Rights Of Insurer

On the happening of loss or damage to any of the property insured by this policy, the Company may:

- 1) enter and take and keep possession of the building or premises where the loss or damage has happened.
- 2) take possession of or require to be delivered to it any property of the Insured in the building or on the premises at the time of the loss or damage.

- 3) keep possession of any such property and examine, sort, arrange, remove or otherwise deal with the same.
- 4) sell any such property or dispose of the same for account of whom it may Concern.

The powers conferred by this condition shall be exercisable by the Company at any time until notice in writing is given by the insured that he makes no claim under the policy, or if any claim is made, until such claim is finally determined or withdrawn, and the Company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Insured or diminish its rights to rely upon any of the conditions of this policy in answer to any claim.

If the insured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company, in the exercise of its powers hereunder, all benefits under this policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not.

l) Contribution

If at the time of any loss or damage happening to any property hereby insured there be any other subsisting insurance or insurances, whether effected by the Insured or by any other person or persons covering the same property, this Company shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.

m) Sanction, Limitation And Exclusion Clause

The company shall not be deemed to provide cover and shall not 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 the Company 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.

n) Reinstatement Of Sum Insured (Applicable for Section 1 & 2 if opted)

At all times during the Policy Period of this Policy, the insurance cover will be maintained to the full extent of the respective Sum Insured in consideration of which upon the settlement of any loss under this policy exceeding the amount specified in The Schedule, pro-rata Premium for the unexpired period from the date of such loss to the expiry of Policy Period for the amount of such loss shall be payable by The Insured to The Insurer.

The additional Premium referred above shall be deducted from the net claim amount payable under this Policy. This continuous cover to the full extent will be available notwithstanding any previous loss for which The Insurer may have paid hereunder and irrespective of the fact whether the additional Premium as mentioned above has been actually paid or not following such loss. The intention of this condition is to ensure continuity of the cover to The Insured subject only to the right of The Insurer for deduction from the claim amount, when settled, of pro-rata Premium to be calculated from the date of loss till expiry of this Policy.

Notwithstanding what is stated above, the Sum Insured shall stand reduced by the amount of loss in case The Insured immediately on occurrence of loss exercises his option not to reinstate the Sum Insured as above.

o) Fall Or Displacement Of Buildings (Applicable for Section 1 & 2 if opted)

All insurances under this policy shall cease on expiry of seven days from the date of fall or displacement of any building or part thereof or of the whole or any part of any range of buildings or of any structure of which such building forms part.

PROVIDED such a fall or displacement is arising from a cause not excluded by this policy or would be covered if such building, range of buildings or structure were insured under this policy.

Notwithstanding the above, the Company subject to an express notice being given as soon as possible but not later than seven days of any such fall or displacement may agree to continue the insurance subject to revised rates, terms and conditions as may be decided by it and confirmed in writing to this effect.

p) Alteration (Applicable for Section 1 & 2 if opted)

Under any of the following circumstances the insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any loss or damage, obtains the sanction of the Company signified by endorsement upon the policy by or on behalf of the Company: -

- 1) If the trade or manufacture carried on be altered, or if the nature of the occupation or other circumstances affecting the building insured or containing the insured property be changed in such a way as to increase the risk of loss or damage by Insured Perils an occurrence indemnifiable under this policy.
- 2) If the building insured or containing the insured property becomes unoccupied and so remains for a period of more than 90 days or as mentioned in policy schedule. (Not applicable for residential premises)
- 3) If the interest in the property passes from the insured otherwise than by will or operation of law.

q) Salvage Deduction Clause

The claim amount payable under this policy shall also be subject to deduction for value of salvage. It is further understood that since the salvage is the property of Insured, the Insured at its sole discretion may either retain or sell the salvage.

r) Condition Of Average

If the property hereby insured shall at the time of reinstatement/replacement repair following a loss or damage indemnifiable under the policy be of greater value than the Sum Insured under the policy, then the insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of loss.

Each item of the policy to which this condition applies shall be separately subject to the foregoing provision.

Provided however that if the said Sum Insured in respect of such item(s) of the Schedule shall not be less than the percent as specified in the Policy Schedule, of the value of the item(s) thereat, this condition shall be of no purpose and effect.

- s)** At each renewal date the insured shall notify the Insurers and if agreed by insurer:-
the sum to be insured under each item and under each section. But in the absence of those instruction and insurer agrees to renew the policy, renewal sum insured of each item shall be as stated in the policy schedule.

t) Notice

Every notice and other communication to the Company is required to be written or electronic as recognized by law.

u) Renewal

On renewal, the benefits provided under the policy and/or terms and conditions of the policy including premium rate may be subject to change.

v) Policy Duration

Insured has the option of choosing the Policy Period as per any of the following duration.

1. **Short Period Policy:** A Product designed to be offered with Policy Duration of less than 12 months and with or without a provision of extension of the Policy Duration or periodic review of terms and conditions based on specified criteria which may include claims reported/ settled.
2. **Annual Policy:** A Product designed to be offered with Policy Duration of 12 months.
In consideration of the premium paid, it is hereby agreed and declared that, the duration of this insurance is as mentioned in the Policy Schedule.

The Insurer agrees to indemnify the Insured for loss or damage to the Insured Property resulting from perils covered, subject to the terms, conditions, and exclusions contained herein, and provided that such loss or damage occurs during the Policy Period.

This endorsement forms part of the captioned policy with all other terms, conditions, exceptions and limitations of the policy remaining unaltered.

w) Policy on First Loss Basis (Applicable for Section 1 & 2 if opted)

The Policy stands issued on a First Loss Basis, with the Insurer's liability limited to the First Loss Limit specified in the Policy Schedule, irrespective of the total value of the Insured Property.

The Insurer agrees to indemnify the Insured for loss or damage to the Insured Property, subject to the terms, conditions, and exclusions contained herein, and provided that such loss or damage occurs during the Policy Period.

Sum Insured is on First Loss Basis in terms of Specific Amount:

First loss coverage involves the selection by the Insured of a Sum Insured for a particular item of property covered, which is lower than the total replacement value of the property at the Insured's premises.

First loss cover can be issued for an amount less than the total value of the property at risk with a stipulation that the Company will pay the whole amount of loss up to the limit of the Sum Insured.

Basis of Claim Settlement

- i. **Total Loss:** Indemnity is provided up to the specified first loss sum insured mentioned in the Policy Schedule, regardless of the total value of the property. The claim settlement is subject to adjustment of salvage, if any. Depreciation is not applicable for policy, wherein basis of Sum Insured is on Reinstatement Value basis.
- ii. **Partial Loss:** Indemnity covers the cost of repair or replacement of the damaged portion up to the first loss sum insured. This endorsement forms part of the captioned policy with all other terms, conditions, exceptions and limitations of the policy remaining unaltered.

x) Grievance

1. Get in touch with us

In case of any query, You/Insured may contact Us through:

Company Website: www.iffcotokio.co.in

Toll free: 1800-103-5499

E-mail: support@iffcotokio.co.in

Address: IFFCO-Tokio General Insurance Co Ltd
IFFCO Tower, Plot no. 3

Sector -29, Gurgaon – 122001

2. Redressal Of Grievance

In case of any grievance, the Insured Person may contact Us through:

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

Grievance Registration: Follow the above-mentioned link and fill the details to register the grievance

Toll Free: 1800-103-5499

Email: chiefgrievanceofficer@iffcotokio.co.in

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

3. Insured Person may also approach the grievance cell at any of our branches with the details of grievance. The list of branches with addresses are available at <https://www.iffcotokio.co.in/contact-us>
4. 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
5. For updated details of grievance officer, kindly refer the link <https://www.iffcotokio.co.in/contact-us/customer-services/grievance-redressal>

y) Claim Process

1. **Claim Intimation:** On the happening of any loss or damage, the Insured shall forthwith give notice thereof to the Company either written or electronic as recognized by law. and shall within 30 days after the loss or damage, or such further time as the Company may in writing allow in that behalf register the claim and submit claim related documents as provided below along with claim form.
2. **Responsibility of the Insured:**
 - I. Make all possible efforts to contain/minimize the loss and act as a 'prudent uninsured'.
 - II. Call the Fire Brigade and report the matter to the Police Authorities in case of accidental fire or Fire due to Explosion, Riots, Strike or Malicious damage.
 - III. Intimate the loss to IFFCO-TOKIO immediately on its occurrence.
 - IV. Intimation to contain the following:
 - V. Insurance Policy No.
 - VI. Information regarding the date of loss, loss location, items affected along with approximate estimate of loss and probable cause of loss.
 - VII. Name of the Contact Person along with his/her e-mail ID and Contact Number.
 - VIII. Take photographs and videography of the loss and make the same available to IFFCO-TOKIO/Appointed Surveyor.
 - IX. Cooperate with the appointed Surveyor in all aspects at the time of Survey of the loss.
 - X. Provide duly and correctly filled up claim form to the Surveyor on his first visit.
 - XI. Expedite Segregation of the damaged items from the undamaged items.
 - XII. Coordinate with the Surveyor for quick salvage disposal of the damaged items which cannot be repaired or reprocessed.
 - XIII. Submit all documents sought by the Surveyor at the earliest and preferably in one go.
 - XIV. Clarify all queries raised by the Surveyor within a reasonable timeframe.
 - XV. Procure meteorological report for losses on account of catastrophic events like Storm, Floods, Cyclone, Earthquake, Lightning, etc.

- XVI. Provide a copy of the Forensic Report whenever Police Authorities have got a forensic investigation done through State Forensic Science Laboratory (FSL) on the cause of loss.
- XVII. Provide newspaper cuttings to substantiate the event, where ever applicable.
- XVIII. Provide a copy of the Internal Investigation Report whenever an Internal Investigation has been done for root cause analysis of the loss.
- XIX. Provide a copy of the Fire Brigade report, in case their services were utilized.
- XX. Provide a copy of the other insurance policy, in case the same property is insured under another insurance policy.
- XXI. In case the policy carries the Reinstatement Value clause, Insured has the option to reinstate the damaged property within 12 months and claim the reinstatement expenses by submitting the reinstatement supporting documents to the Surveyor. Else the claim would be settled on market value basis.
- XXII. Once the claim is approved, Insured has to submit a duly filled, signed & stamped Discharge Voucher to IFFCO-TOKIO.
- XXIII. In case the policy is hypothecated to a financier, provide a copy of NOC from the financier, else the claim proceeds would go to the financier.

3. Documents Required

An illustrative list of general documents required for processing claims under various sections are as under:

Section 1A: Material Damage

1. Signed copy of Policy with schedule
2. Claim Form duly signed by the Policyholder
3. First Information Report
4. Fire Brigade Report
5. Root Cause Analysis Report/Forensic Report
6. Photographs of the Damages
7. Statement of eye witness/es
8. Meteorological Department Report &/or Newspaper cutting (for Act of God perils)
9. Books of accounts (for ascertaining VAR/loss assessment)
10. Stocks Register/Assets Register/Capitalization details/Purchase Invoice
11. Quotation for reinstatement of damages
12. Repair bills
13. Receipt for amounts actually incurred by Policyholder
14. No Objection Certificate from the Financier
15. Discharge Voucher
16. KYC Documents
17. Cancelled cheque / NEFT form / Bank Passbook of Policyholder for claim payment

Section 1B: Machinery Breakdown

1. Copy of Policy with schedule and Annexure.
2. Claim Form duly signed by Insured/Authorised Person
3. First Information Report (FIR)
4. Fire Brigade Report, wherever applicable
5. Root Cause Analysis Report/Forensic Report, wherever applicable
6. Photographs of the Damages
7. Technical analysis from Manufacturer or Repairer regarding the cause of damage, damage item and their recommendation
8. Incident report
9. Meteorological Department Report & Newspaper cutting (for Act of God perils)
10. Capitalization details / Purchase Invoice
11. Maintenance report / log book of the machinery etc.
12. Reinstatement/Replacement invoices
13. For burglary / theft - Letter of Subrogation (May be waived for claims up to INR 5 Lakhs)

14. Receipt for amounts actually incurred by the insured
15. No Objection Certificate from the Financier
16. Discharge Voucher
17. CKYC Documents
18. Cancelled cheque / NEFT form / Bank Passbook of Insured for claim payment.

Section 2: Business Interruption

Besides the documents mentioned under Section 1A above, following documents may also be required:

1. Audited financial statement of previous 3 financial years
2. Month wise revenue/turnover trend over 12 months preceding the date of loss.
3. Revenue/turnover during the indemnity period after the loss
4. Documents supporting the Loss of Gross profit and increased cost of working being claimed

Section 3: Accompanied Baggage Section

1. Claim form duly filled and signed.
2. Repair Estimate (for partial loss claims).
3. Copy of Purchase Invoice of the damaged equipment.
4. Final repair bill along with payment receipt.
5. Policy schedule & annexure, highlighting the subject equipment.
6. Photographs before and after repair
7. Copy of FIR. The theft of laptops/mobiles are generally recorded as NCR (Non-Cognizable Report) by Police, hence that should be acceptable in place of FIR.
8. Letter of Subrogation (May be waived for claims up to INR 5 Lakhs)
9. Discharge Voucher
10. CKYC Documents
11. Cancelled cheque / NEFT form / Bank Passbook of Insured for claim payment.

Section 4: Money Section

1. Completed Claim Form
2. Written Statement of Claim on the amount lost with details of instruments
3. Police FIR
4. Photographs (if necessary) of damages and point of entry (applicable to premises)
5. Copies of Insured's accounting records or other documentation to establish the exact amount of loss. These may include copies of receipts, payment vouchers, pay-in-slips, cheques butts, bank statements etc.
6. Copy of Notice of claim served on the security company and their reply (applicable to premises)
7. Details of amounts to the credit of the employee – in cases where infidelity is suspected
8. Police Final Report
9. Letter of subrogation / Indemnity (May be waived for claims up to INR 5 Lakhs)
10. Cancelled cheque / NEFT form / Bank Passbook of Insured
11. CKYC Documents

Section 5: Fidelity Cover Section

1. Duly filled and signed claim form
2. Employee History, Employment Contract, Termination of Employment Letter / Letter of Resignation
3. A detailed description of the employee's job duties
4. Private reference of the Dishonest employee
5. Internal investigation report
6. CCTV footage, if available
7. Stock/Financial Records
8. Police FIR
9. Auditors report estimating the quantum of loss
10. Statement from witnesses who can validate the loss

11. Evidence of property values such as receipts or invoices, if any
12. Evidence of loss along with proof of loss
13. Terminal benefits due to the delinquent employee
14. Any additional documents as may be circumstantially necessary
15. Letter of subrogation / Indemnity (May be waived for claims up to INR 5 Lakhs)
16. Discharge Voucher
17. CKYC Documents
18. Cancelled cheque / NEFT form / Bank Passbook of Insured for claim payment.

Section 6: Public Liability

1. Completed Claim Form and Detailed note covering the background of the claim and the allegations made against Insured.
2. Police FIR
3. Full details of claimant (i.e. the party making the claim upon the Insured).
4. Insured's proposed action plan in defending this matter along with the view on the merits of the case and likelihood of success in defending the matter.
5. Terms of engagement of legal counsel engaged and fee structure. If any.
6. Complete set of complaint copy along with relevant annexures.
7. Claim Bill with detailed breakup of loss amount and defense expenses incurred supported with invoices and payment proofs.
8. Is there any other liability policy which provides coverage for you which can be triggered for the subject claim notification? Please confirm and provide the applicable policy details with underlying limits.
9. CKYC Documents
10. Cancelled cheque / NEFT form / Bank Passbook of Insured for claim payment.

PS: The list of documents is indicative only. IFFCO-TOKIO / Surveyors may add or delete some documents on case to case basis depending on the nature/type of claim.

4. **Surveyor Appointment:** Your Claims Manager (CSM) will contact you and a licensed surveyor basis claim eligibility shall be appointed as per relevant regulatory prescriptions
5. **Assessment Approval:** Repair/Replacement details submitted in support of the claim will be assessed and approved by CSM/surveyor

Salvage: The amount that is assessed which the damaged asset will fetch in the open market (*wherever applicable*).