SALES LITREATURE –ADVANCE LOSS OF PROFITS INSURANCE POLICY

The Advance Loss of Profit Policy covers the revenue losses in the form of loss of anticipated earnings. Unlike traditional material damage policy covering capital losses only, this consequential loss policy is an insurance of non existing asset or benefit which might have been received had there been no interruption due to material damage, causing delay in commencement of business. The coverage under the policy is for continuing business expenses and net profit, the sum insured under this policy is taken on the basis of anticipated sales, cost and prices.

The perils covered under the policy are same as covered under CAR/EAR policy, however the components of sum insured are as following:-

(a) **Gross Profit** – Gross Profit is defined in the policy as amount by which value of the annual turnover and the value of the closing stock exceeds the value of opening stock, and the amount of the specified working expenses.

(b) **Increased Cost of Working** – This represents the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which, without such expenditure would have taken place during the indemnity period.

SALIENT EXCLUSIONS: -

1. Loss of gross profit and/or increased cost of working due to any delay caused by or resulting from earthquake, volcanic eruption, damage to surrounding property, restrictions imposed by public authority etc.
2. Any loss due to fines or damages for breach of contract, for late or non completion of orders of or any penalties of whatever nature.
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 of actual commencement of the business
4. Loss or damage to erection work of a prototype nature, unless specifically agreed.
5. Willful act /Neglect/gross negligence
6. Interruption on account of War/Mutiny etc.
7. Intangible losses such as loss of goodwill or loss of customers.