

# CONSEQUENTIAL LOSS - FIRE INSURANCE POLICY PROSPECTUS

## Introduction

When a fire occurs or any of the other perils covered under the Standard Fire & Special Perils Policy (Material Damage Policy) occur, the material damage policy will help the insured in reinstatement/ repair/replacement of the damaged Building, Plant & Machinery and Stock. The time period between the date on which the loss occurs and the date on which the entire reinstatement/repair/replacement is complete and normal production restarts, is called the “Period of Interruption”. This would result in a reduction in turnover, causing subsequent loss of profits. The intention of a Consequential Loss (Fire) Policy is to make good this loss.

## What does this Policy cover?

The consequential Fire policy covers

- Loss of Gross Profit due to Reduction in Turnover/Output.
- Increase in Cost of Working-This is the additional expenditure that has to be necessarily incurred in order to avoid or diminish the reduction in turnover.

The basic requirement is that the loss of gross profit and/or increase in cost of working has to be as a consequence of an insured peril under the material damage Fire and Special Perils policy.

## Scope

The CL (Fire) Insurance Policy would be applicable for all risks covered under Standard Fire and Special Perils Policy (hereinafter called Fire Policy) of AIFT.

### 1. Policy to Constitute Contract of Indemnity:

Every Policy shall constitute a contract of indemnity only.

### 2. Standard Policy:

No Consequential Loss (Fire) Insurance Policy may be issued except under the standard terms and conditions or at rates lower than the rates provided in this Tariff without the specific approval of the Tariff Advisory Committee.

### 3. Policies for Fixed Percentages:

It is not permissible to issue a policy undertaking to pay a percentage of the fire loss or a fixed sum or percentage regardless of actual loss.

#### **4. The Perils:**

Issue of the Policy on a basis other than the provided for in this Tariff is not permitted e.g. issue of a policy covering standing charges only by altering the policy and specification wordings is not allowed.

All perils under the Standard Fire and Special Perils Policy must necessarily be covered under Consequential Loss (Fire) Policy.

The Consequential Loss (Fire) Policy may also be extended to cover the Add-On Perils insured by the fire Material Damage Policy at an additional premium which must be shown separately on the policy.

Whenever Consequential Loss Policies do not cover all the perils listed in the material damage cover, the following specific exclusion must be attached to the face of the Policy:

“Notwithstanding what is stated in the preamble of this policy the term damage used in the preamble excludes loss or damage caused by \* (\* here will be introduced names of perils under MD policy which are not covered under LOP Policy).

N.B. It is not permissible to grant cover under the Consequential Insurance Loss (Fire) Policy for explosion and collapse of steam boilers.

#### **5. Depreciation of Stock:**

##### **Bad Debts:**

It is not permissible to grant Consequential Loss Insurance cover in respect of –

- a) Depreciation of Stock
- b) Bad debts.

#### **6. Payment of premiums by instalments:**

Payment of premiums by instalments is not permissible.

#### **7. Fess in connection with claims:**

Except for Auditor’s fees (see Regulation 10) it is not permissible to give any undertaking to pay the fees of any person employed by an insured .in connection with the preparation or verification of a claim.

#### **8. Indemnity Period:**

It is not permissible to issue a policy with an Indemnity Period commencing at a date later than the date of the damage except for a business which is silent, in which case the commencing date of Indemnity may be made to coincide with the date on which the business would have started.

It is also not permissible to alter the indemnity period during the currency of the Policy.

### 9. Material Damage Proviso:

Every insurance must contain a provision that at the time of the happening of the damage there shall be in force an insurance covering the interest of the insured in the property at the premises against such damage and that payment shall have been made or liability admitted therefor under such insurance. However, this Provision shall not apply where payment is not made under Fire Policy except due to operation of a proviso in Fire Policy excluding liability of losses below a specified amount.

The proviso shall also not apply to property on which the Insured have no direct insurable interest and which they cannot be reasonably expected to insure.

### 10. Return of Premium:

i) The full premium for the selected sum insured based on estimated Gross Profits shall be chargeable under all Consequential Loss (Fire) Policies in advance.

ii) Where it is desired to provide for the Return of premium for the actual Gross Profits being lower than the selected sum insured, the following clause should be used:

“If the insured declares at the latest twelve months after the expiry of any period of Insurance, that the Gross Profits 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 period of insurance, 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 premium paid on such Sum Insured for such period of insurance shall be made in respect of the difference. Where however the declaration is not received by the Company within twelve months after the expiry of the period of insurance no refund shall be admissible.

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

iii. Similar Clause in respect of “Wages” cover under Rules 3(a) and (b) of Section II should be used by substituting the words “Actual Wages Paid” for the words “Gross Profit Earned” in the third line of the above Clause.

iv. In exceptional circumstances, Head Office of TAC may permit, on specific applications from the Insurers, Return of Premium upto a maximum of 75 percent under the above Clause, on the merits of each case.

**Note:** The above Rules/Clause shall uniformly apply to all factories/industries.

**N.B.** No reduction will be allowed in the Sum Insured during the currency of the Policy except as provided for under this Clause.

## Optional Extensions

### Add On Covers

1. Waiver of Underinsurance
2. Minimum Demand Charges
3. Claim Preparation Clause
4. Additional increase cost of working
5. Soft Costs
6. Extension to cover Customers' premises
7. Extension to cover Suppliers' premises
8. Auditor's Clause
9. Interruption By Civil Authority Extension
10. Delay Indemnity Clause
11. Lay Off And Retrenchment Compensation
12. Hindrance Of Access/Ingress/Egress Clause/ Port Blockage
13. Overhauls
14. Crisis Management
15. Research and development
16. Professional Accountants Clause
17. Uninsured Standing Charges Clause
18. Start-up / Shut-down Cost (if applicable)
19. Extension to cover loss due to accidental failure of public electricity/gas/water supply.
20. Molten material spillage
21. Spoilage Consequential Loss Cover
22. Insured property stored at other situations

### Clauses

1. Automatic reinstatement clause
2. Group interdependency
3. Interdependency cover
4. Protection and preservation of property business interruption

5. New business clause
6. Accumulated stock clause
7. Outage clause
8. Bankruptcy clause
9. Power banking clause
10. On account payment
11. Aggravation clause
12. Agreed bank clause
13. Coinsurance clause
14. Alternative trading clause
15. Nominated loss adjusters
16. Innocent non disclosure / breach of policy conditions
17. Wages – dual basis and pro rata basis
18. Specific exclusion clause

#### **Other Salient Features:**

- Discounts/Loadings based on various risk features.
- Discounts for opting higher Voluntary excess

The details furnished above do not constitute the entire terms and conditions. For details please refer to our Policy document.

#### **Claims Procedure**

In case of any Occurrence that may give rise to a claim under your policy, you must:

- a) inform us of this as soon as you can and in any event within 30 days of becoming aware of any such loss or damage. We may, at our sole discretion, condone the delay in notification of claim on merits based on the reason for delay furnished by You to Us in writing.
- b) provide such written documents and information as we may require and, if asked, include verification of particulars on oath; and
- c) take all steps within your power to minimise the extent of loss, damage or liability.
- d) preserve any property affected and make it available for us or our representatives; and
- e) inform the Police if the loss or damage has been caused by any act purporting to be an offence under the applicable laws; and forward to us every letter, writ, summons and process in relation to your claim as soon as you receive it; and
- f) advise us in writing as soon as you receive notice of any prosecution or inquest that involves you and is relevant to your claim and provide any assistance that we may reasonably require.

#### **B) Documentation**

The documents normally required to be submitted in the event of a claim are :

1. Duly completed Claim form
2. Estimate of loss

3. Invoice/ Bills/Receipts  
Any other details/documents called for a specific loss

### Grievances

If You have any grievance about any matter relating to the policy, or Our decision on any matter, or Our decision about Your claim, You can pursue Your grievance with

1. Our Grievance Redressal Officer

You can send Your grievance in writing by post or email to Our Grievance Redressal Officer at the following address:

**Grievance cell,**

Universal Sampo General Insurance Co.Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Cloud City Campus; Gut no 31, Mouje Elthan, Thane Belapur Road, Airoli, Navi Mumbai – 400708

If you have a grievance that you wish us to redress, you may contact us with the details of your grievance through:

- Emails – [grievance@universalsompo.com](mailto:grievance@universalsompo.com)
  - Designated Grievance Officer in each branch.
  - Company Website – [www.universalsompo.com](http://www.universalsompo.com)
2. The Consumer Affairs Department of IRDAI—You can register Your grievance on IRDAI's Integrated Grievance Management System (IGMS),
3. The Insurance Ombudsman, depending on the nature of grievance and the financial implication, if any, or
4. The Consumer Protection Forum or the Court.
5. You can find more details about Insurance Ombudsmen at [www.ecoi.co.in](http://www.ecoi.co.in) or [www.irdai.gov.in](http://www.irdai.gov.in).

### Contact Details

- **Website:** [www.universalsompo.com](http://www.universalsompo.com)
- **Toll Free Numbers:** 1800-22-4030, 1800-200-4030
- **Landline Numbers:** (022)-39635200 (Chargeable)
- **E-mail :** [contactus@universalsompo.com](mailto:contactus@universalsompo.com)
- **Courier:** Universal Sampo General Insurance Co. Ltd, Unit No- 601 & 602 A Wing, 6th Floor, Reliable Tech Park, Cloud City Campus; Thane- Belapur Road, Airoli- 400708

#### **INSURANCE ACT 1938 SECTION 41- Prohibition of Rebates**

No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectus or

tables of the insurer.

ANY PERSON MAKING DEFAULT IN COMPLYING WITH THE PROVISIONS OF THIS SECTION SHALL BE PUNISHABLE WITH FINE WHICH MAY EXTEND TO TEN LAKHS RUPEES.

Disclaimer: In the event of any question relating to interpretation of the insurance coverage, the policy document will prevail.