

TARIFF ADVISORY COMMITTEE

CONSEQUENTIAL LOSS (FIRE) TARIFF

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**CONSEQUENTIAL LOSS (FIRE) INSURANCE
SECTION 1**

GENERAL REGULATIONS

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. Auditor's Clause:

Where it is desired to provide in the insurance that any figures required by the Company for the purpose of investigating a claim shall be produced and certified by the Insured's Auditors, the use of wording Annexure B, specification F is obligatory.

11. 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.

12. Extension to cover loss due to accidental failure of public electricity/gas/water supply:

- a) Extension may be given for Consequential Loss arising out of failure of electricity/gas/water supply for only such perils as are covered under Fire Policy subject to the additional rates prescribed under section 6.4..
- b) Limitation of Indemnity Period: The maximum period of indemnity should be 60 days.

c) Waiting Period for Franchise: This should be 24 hours.

Note:1) Wherever extension to cover loss due to accidental failure of Public Water supply is granted suitable warranty excluding cover for damage to the jackwells of public water works department shall be included.

2) Such extensions can be granted for only those perils which are selected for main CL (Fire) Policy.

13. Accumulated Stock Clause:

Where the insured maintains sufficient stock of finished goods from time to time as a matter of business policy, the Insurers may, at their discretion, attach the following Clause to the Consequential Loss (Fire) Policy issued on Turnover Basis:-

“In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in turnover due to the damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods in the Insured’s warehouses.”

14. Extension to Cover Suppliers’ Premises and Customers’ Premises:

Consequential Loss (Fire) Policy may be extended to Suppliers’ Premises and Customers’ Premises.

Note:1) It is permissible for Insured to select perils to suit their requirements, but extension may be granted only for those perils which are covered under C.L (Fire)Policy.

2) The indemnity period under the Suppliers/Customers extension shall be identical to that under the main Policy.

15. Compulsory Time Exclusion Clause for Risks rated under Petrochemical Tariff only:

It is necessary to insert the following Time Exclusion Clause in all Consequential Loss Policies covering risks rateable under Petrochemical Tariff.

“It is hereby declared and agreed that the Insured shall bear the amount of loss as computed hereunder, of each and every admissible claim under the policy:-

- i. In respect of a policy insuring reduction in turnover, the amount equivalent to the rate of Gross Profit applied to the Standard Turnover for seven days.
- ii. In respect of a policy insuring reduction in output, the amount equivalent to the rate of Gross Profit applied to the Standard Output for seven days.”

First of all loss amount should be calculated in line with the steps given in the specification under CL(Fire) Tariff and from this assessment of indemnity, monetary value of 7 days loss should be deducted.

The words “Monetary value of 7 days loss” is $7 \times \text{Standard Turnover/Output/day} \times \text{rate of Gross Profit}$.

Note: The above Clause shall apply to all business interruption losses of the Petrochemical Plants irrespective of whether the M.D. Loss is in the plant to which this insurance applies or in the petrochemical/non-petrochemical plants which are Suppliers/Customers thereof.

SECTION II

RATING

Basis Rate:

The Basis Rate for Consequential Loss resulting from destruction of or damage to property by the perils covered under the Fire Policy shall not be less than 1.25 times the full "Average Rate" of the items covering the contents of the Process blocks of the premises occupied by the Insured for the purpose of the business to which the Consequential Loss Insurance applies, except where otherwise provided.

- a) In calculating the basis rate the contents of any storage/utility blocks even if they are communicating with process blocks should not be taken into consideration.
- b) For other business premises where no manufacturing process is carried on, the basis rate shall be the 1.25 times the average rate of the contents of the whole premises.

The average Rate shall be the percentage which the aggregate net premium in respect of the whole Annual Standard Fire and Special Perils Insurance of contents of the Process Blocks and/or the whole premises as applicable under sub-paragraphs (a) and (b) above, bears to the aggregate sums insured on such contents.

The basis rate should not be altered when the factory becomes Silent during the Policy period.

Note: Pilot Plants and Laboratories shall be considered as 'Process Blocks' for the above purpose.

Profit Rate:

The rate for annual insurance shall not be less than the following percentages of the Basis rate for the perils to be covered including add-on perils:-

1. For Risks other than those rateable under the Petrochemical tariff:

Period of Indemnity	Sum to be Insured	Percentages of the Basis Rates	
		Continuous Process Plant (excluding risk rateable under P.C. Tariff)	Other than Continuous Process Plant
3 Months	Annual Gross Profit	89.06	72.5
6 months or less	Equivalent of Annual Gross Profit	93.75	75
9months	Equivalent of Annual Gross Profit	112.5	90
12 months	Equivalent of Annual Gross Profit	125	100
15 months	One & Quarter times the Annual Gross Profit	121.875	97.5
18 months	One & half times the Annual Gross Profit	118.75	95
24 months	Twice the Annual Gross Profit	112.5	90
30 months	Two & Half times the Annual Gross Profit	106.25	85
36 months	Thrice the Annual Gross Profit	100	80

If the Sum Insured is increased during the currency of the Policy, short period scale of rates shall apply to the increased amount and if the policy is renewed thereafter for 12 months for an amount not less than the increased Sum Insured, the difference of premium between short period scale of rates and pro-rata rates may be refunded.

N.B: The percentage shown above for continuous process plants shall apply only to continuous process plants and not to non-continuous plants provided separate sum insured is declared in the Schedule.

2. For Risks Rateable under Petrochemical Tariff:

Period of Indemnity In months	6 or less	9	12	15	18	24	30	36
LOP Standard Profit Rates as % of basis rate	225	270	300	290	285	270	255	240

The rate based on loss of profit insurance claims experience for latest five (5) (excluding expiring policy period) years expressed as percentage of basis rate will be as follows:

Period of Indemnity In months	6 or less	9	12	15	18	24	30	36
Claims Ratio								
A. Upto 20%	100	108	120	117	114	108	100	100
B. Over 20% upto 50%	112.5	135	150	145	142.5	135	127.5	120
C. Over 50% upto 100%	164	197	219	215	208	197	186	175
D. Over 100% upto 200%	225	270	300	290	285	270	255	240
E. Over 200%	375	450	500	485	475	450	425	400

(Risks which have not completed 5 years of loss of profits insurance will be rated as per this scale but subject to minimum of standard rate. If loss ratio over such shorter period is higher than 200% then category (E) will apply.)

N.B. : The loading indicated above for risks rateable under Petrochemical Tariff is not applicable for Earthquake and other Add-On perils.

For purpose of application of this Tariff, the claims experience should be reckoned on 'underwriting year' basis as on expiry of the policy as follows:

$$\text{Claims Ratio} = \frac{\text{Claims (paid \& outstanding) during the policy year}}{\text{Net premium for the policy year}} \times 100$$

Both premiums and claims relating to all perils covered under the Policy shall be aggregated for ascertaining the claims ratio and the percentage of basis rate as determined as per above scale shall be applicable to all perils covered under the LOP Policies issued to risks rateable under the Petrochemical Tariff.

3. Wages (other than those insured as part of gross profit)

a) Wages – Dual Basis

Insured for the full indemnity period

It is permissible by a separate item to insure 100 percent of Wages for a stated initial period of not less than 4 weeks and a lesser percentage but not less than 10% for the remainder of any indemnity Period of not less than 12 months subject to the following conditions and at the rate hereinafter prescribed:-

Conditions

- a. The item must be included on a policy insuring Gross Profit and for the same Indemnity Period.
- b. The sum insured on Wages shall represent the Wages for Indemnity Period selected and Average shall be applied on that basis.
- c. The use of Wording D –(i) is obligatory in connection with all insurances written on the Standard Policy Form.
- d. When the Option to consolidate is given, the Equivalent Number of Weeks to be inserted is to be ascertained from the Conversion Table given on page no.12.

The rate shall not be less than the appropriate percentage prescribed in the following table of the basis rate for the perils to be insured against.

The resultant rate should be applied to 100% of the wages for the full indemnity period.

Indemnity Period	Part of the Indemnity during which the whole of the wages are insured	Percentage of the Wages insured for the remainder of the Indemnity Period							
		10	15	20	25	33 ¹ / ₃	50	66 ² / ₃	75
12 months	First 4 weeks	36	39	42	44	50	62	75	81
12 months	First 8 weeks	44	47	50	54	58	69	79	84
12 months	First 13 weeks	55	57	60	62	66	75	83	87
12 months	First 26 weeks	76	77	78	80	82	88	91	93
15 months	First 4 weeks	32	35	37	40	46	59	72	78
15 months	First 8 weeks	36	42	45	48	53	64	75	80
15 months	First 13 weeks	47	50	53	55	61	69	78	83
15 months	First 26 weeks	64	65	68	70	73	80	85	88
18 months	First 4 weeks	27	30	32	36	42	55	68	74
18 months	First 8 weeks	32	36	39	42	48	59	70	76
18 months	First 13 weeks	39	42	45	48	55	63	73	78
18 months	First 26 weeks	53	55	58	60	64	71	78	82
24 months	First 4 weeks	22	23	26	30	38	48	60	66
24 months	First 8 weeks	25	28	32	35	40	51	62	67

24 months	First 13 weeks	30	34	38	39	44	54	64	68
24 months	First 26 weeks	41	44	46	48	52	60	68	72
24 months	First 39 weeks	47	49	51	53	56	63	70	73
24 months	First 52 weeks	53	55	56	58	61	66	72	75
36 months	First 4 weeks	15	18	22	25	31	42	54	59
36 months	First 8 weeks	19	22	25	28	34	44	55	60
36 months	First 13 weeks	22	25	28	32	36	46	58	62
36 months	First 26 weeks	30	32	34	37	42	50	59	63
36 months	First 39 weeks	34	36	38	40	44	52	60	64
36 months	First 52 weeks	38	40	42	44	48	55	62	66
For any other combination the percentages of the basis rate shall be by interpolation in the above table									

Conversion Table for use with the option to consolidate provision

The Equivalent Number of Weeks shall be the number of weeks shown against the percentage in the following table which most nearly corresponds with the percentage prescribed in the table contained on this page for the indemnity period and Dual Basis combination provided under the item.

Where the indemnity period exceeds 12 months, the percentage in the Rating Table must be proportionately increased and the equivalent number of weeks as shown against such increased percentage in the following table will apply. For example, if 100% of wages are insured for the first 13 weeks and only 10% for the remaining period under the dual basis system for an indemnity period of 24 months, the rate of premium under the rating table on page no. would be 30% of the Basis Rate and the extension of number of weeks under the option to consolidate clause according to the following table would be 17 weeks shown against 60% (twice 30%). For the same cover under 12 month indemnity, the extension of weeks would be 16 weeks as shown against 55% the percentage of Basis Rate applicable under the Rating Table on Page no.

Percentage	Equivalent Number of Weeks	Percentage	Equivalent Number of Weeks
36	7	137	76
40	9	140	78
44	10	143	81
47	12	147	84
50	13	150	87
53	15	153	89
56	16	157	92
60	17	160	96
63	19	163	100
67	22	167	104

70	24	170	107
73	26	173	109
77	29	177	112
80	33	180	115
83	36	183	117
87	39	187	120
90	42	190	122
93	46	193	125
97	49	197	128
100	52	200	130
103	54	203	133
107	56	207	136
110	58	210	139
113	60	213	142
117	63	217	145
120	65	220	147
123	67	223	150
127	69	226	153
130	71	230	156
133	74		

3. b) **Wages – Pro-Rata Basis**

It is permissible to cover, under one or more separate items, wages paid for a stated period for an amount to represent the wages for the period selected.

The use of the wording given in Specification D(ii) is obligatory in connection with all insurances written on the Standard policy form

Every such insurance shall be subject to Average.

The rates for annual insurances for periods up to fifty two weeks shall not be less than the following multiples of the Basis Rate. For any longer period the rate shall not be less than that specially fixed.

Period of Liability	Multiple of Basis Rate
Not exceeding 4 weeks	3.40 times
Not exceeding 5 weeks	3.30 times
Not exceeding 6 weeks	3.10 times
Not exceeding 7 weeks	2.70 times
Not exceeding 8 weeks	2.60 times
Not exceeding 9 weeks	2.50 times
Not exceeding 10 weeks	2.30 times
Not exceeding 11 weeks	2.20 times
Not exceeding 12 weeks	2.10 times
Not exceeding 13 weeks	2.00 times
Not exceeding 17 weeks	1.85 times
Not exceeding 21 weeks	1.60 times
Not exceeding 26 weeks	1.50 times
Not exceeding 30 weeks	1.40 times

Not exceeding 34 weeks	1.35 times
Not exceeding 36 weeks	1.30 times
Not exceeding 40 weeks	1.25 times
Not exceeding 45 weeks	1.18 times
Not exceeding 52 weeks	1.10 times

4. Lay –offs and Retrenchment Compensation and Notice Wages Liability

Insured will have the option to take any one of the following covers:

- 1) Lay-off and Retrenchment Compensation (with or without Notice Wages Liability).
- 2) Lay-off Compensation alone.
- 3) Retrenchment Compensation (with or without Notice Wages Liability).

Note 1. A loading of 50% of the profit rates must be charged for any of the above covers.

Note 2. Use of wording given in specification E is obligatory.

5. Auditors’ Fees:

It is permissible to cover, under a separate item and at a rate not less than 100 percent of the Basis Rate, the reasonable charges of the Insured’s Auditors for producing and certifying any particulars or details contained in the Insured’s books of accounts or other business books or documents which may be required by the Company, for the purpose of investigating a claim.

6. Other Extensions of cover:

6.1 Extension to cover Suppliers’ premises

(i) **Endorsement wording:** For the wording of the Endorsement see Extension 1 –Annexure D.

(ii) **Rating:**

The rating for Suppliers’ Premises extension must be governed by the following factors:

- 1) The extent of dependence of the business on suppliers, as desired by the insured to be covered.
- 2) Where there are a number of suppliers, whether
 - a) The dependence is on a number of suppliers for similar goods

Or

- b) The dependence is total on a number of separate suppliers for different components.

The method of arriving at the extra premium for this extension is by means of an addition to the Basis Rate produced by applying the prescribed percentage (this percentage depends on the extent of dependence covered) to

- i. Where there is only one supplier, the amount by which the average rate over the premises (whether at one or more locations) of the supplier exceeds the basis rate for the Insured's premises.
- ii. Where there are two or more suppliers supplying similar goods, the amount by which the highest of the respect average rates of such suppliers' premises exceeds the basis rate for the insured's premises.

Subject to a minimum (See Schedule) where the average rate(s) of the suppliers' premises is/are not sufficiently higher than the basis rate for the insured's own premise.

SCHEDULE

Specified Suppliers' Premises

Addition to Basis Rate

Limit in respect of any one location expressed as a percentage of sum insured not exceeding %	%	Minimum Rate for Fire Policy without STFI (Rs.‰)	%	Minimum Rate for Fire Policy (Rs.‰)	%	Minimum Rate for EQ (Rs.‰)
5	5	0.33	5	0.43	5	0.1
10	7.5	0.38	7.5	0.48	7.5	0.1
15	10	0.45	10	0.57	10	0.12
20	15	0.53	15	0.68	15	0.15
25	20	0.68	20	0.88	20	0.2
33.33	25	0.83	25	1.08	25	0.25
50	40	0.98	40	1.28	40	0.3
75	66.66	1.23	66.66	1.63	66.66	0.4
Over 75	100	1.58	100	2.08	100	0.5

N.B. 1.

In the case of a number of separate suppliers supplying different components, the following additional rates should be charged:-

- a) Two Suppliers – the difference between the highest of the respective average rates of the suppliers’ premises and the basis rate for the Insured’s premises loaded by 50%
- b) Three Suppliers - the difference between the highest of the respective average rates of the suppliers’ premises and the basis rate for the Insured’s premises loaded by 100%
- c) Four Suppliers - the difference between the highest of the respective average rates of the suppliers’ premises and the basis rate for the Insured’s premises loaded by 150%

N.B. 2 These additional would also be subject to the minimum stated in Schedule, but loaded as above.

2. The additional are applicable cumulatively for each of the different perils covered under the insurance

Note 1 – Unspecified locations and suppliers’ premises abroad should not be covered under this extension.

Note 2- The extension should be restricted to cover only original manufacturers premises and should not be extended to cover intermediary traders’ premises.

Note 3: The indemnity period under suppliers/customers’ extension shall be identical to that under the main policy.

6.2 Extension to cover Customers’ premises

(The cover is against consequential loss to the insureds arising out of their customers not taking delivery of the products, exclusively manufactured for them, as a result of the operation of the insured perils at the customers’ premises).

(i) Endorsement wording

In consideration of the payment of the after-mentioned additional premium shown in the policy/the Endorsement, it is hereby agreed and declared that, subject to the conditions of the Policy, loss as insured by items(s) Nos. of this policy, resulting from interruption of or interference with the business in consequence of damage (as within defined) to property at the undernoted situations, shall be deemed to be loss resulting from damage to property used by the Insured at the premises.

Provided that the liability under this memorandum in respect of any location shall not exceed in respect of (each of) item(s) No.(s) percent of the sum insured thereunder.

Further Provided that if the percentage, shown against the name of the customer in whose premises damage has occurred, shall be less than the percentage of the Annual Turnover derived by the Insured from that customer, the amount otherwise payable will be proportionately reduced.

Provided Again that the liability under this memorandum in respect of any one location under (each of) item(s) no(s) shall not exceed the percentage of the sum insured thereunder shown against each situation.

Name of the Customer	Situation of the premises	Selected percentage limit of the sum insured
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(ii) Rating

Premium rates will be the same as that applicable to “Suppliers” premises **but with a 20% loading.**

Note 1 – The extension for ‘customers’ premises shall not be granted in respect of :

- (i) Unnamed customers.
- (ii) Customers’ premises located abroad
- (iii) Lower limits than 5% of the sum insured, in respect of even “named” customers’ location.

Note 2 - The selected percentage limit of the Sum Insured applicable in respect of each customer must not be less than the proportion of the Insured’s Annual Turnover which is derived from that customer.

6.3 Insured’s Property Stored at other situations:

Interruption or interference with business in consequence of damage to insured’s property at locations other than the one to which the Policy applies can be covered by listing out all such locations in the policy and charging an extra premium of 2 1/2 % per location but not exceeding 20% in the aggregate.

Insured’s other manufacturing premises cannot be considered for the purpose of the above. Such other manufacturing premises can be included in the description of the premises’ and the rate applicable should be the average contents rate of all the working blocks of all such units.

6.4 Extension to cover loss due to accidental failure of public electricity/gas/water supply:

Additional Rates (for each utility)

	Rate Rs.(per mille)
Standard Fire & Special Perils Policy	0.80
Standard Fire & Special Perils Policy less RSMD	0.70
Standard Fire & Special Perils Policy less STFI	0.55
Standard Fire & Special Perils Policy less RSMD & STFI	0.45
Standard Fire & Special Perils Policy with earthquake extension	1.30

Note :

- 1) 25% extra is to be charged on the above rates for continuous process plants.
- 2) Utilities belonging to the insured's other units in the same compound may be treated at par with "Public utilities" for the purpose of granting utilities extension.
- 3) The rates for this extension are specific rates and have to be charged on a sum insured equivalent to the annual gross profit irrespective of the indemnity period selected under this extension or under the main policy.

7. Basic Rate for Add-On Covers:

For extension of policies to cover loss following destruction or damage by special perils for which Tariff rates have been prescribed for material damage, the average Tariff rate for contents is the basis rate.

Note -1: When any one of the add-on covers is covered on selected blocks only under Material Damage Policy, the highest tariff rate applicable to any of the process blocks insured against this Add-On Cover, under the Material Damage Policy, should be adopted and applied as the 'Basis' rate for covering this Add-On under Loss of Profits Policy.

This principle applies to all Add-On Covers (other than Fire) where differential rates are applicable under the Material Damage Policies and where cover is taken on selected blocks only under the Material Damage Policy.

Note-2 : 'Profit Rate' please refer item 2 of Section II.

8. Full Rates applicable to be charged:

The rates applicable under these rules are to be charged without any discount or allowance whatsoever other than tariff discounts and allowances.

9. Return of Premium:

No return of premium shall be made other than as provided for in the Return of Premium Clause. Premium may also be refunded as per the provision under the General Rules and Regulations of the All India Fire Tariff governing alterations involving reduction in rate.

10. Short Period Scale:

The following short period scale shall apply to the Consequential Loss Insurance Policy in respect of cancellation:

Period not exceeding	10 days	10% of Annual rate
Period not exceeding	1 month	15% of Annual rate
Period not exceeding	2 months	30% of Annual rate

Period not exceeding	3 months	40% of Annual rate
Period not exceeding	4 months	50% of Annual rate
Period not exceeding	5 months	60% of Annual rate
Period not exceeding	6 months	70% of Annual rate
Period not exceeding	7 months	75% of Annual rate
Period not exceeding	8 months	80% of Annual rate
Period not exceeding	9 months	85% of Annual rate
Exceeding	9 months	Full Annual rate

N.B. Policies issued or renewed for a short period may not be extended upon payment of the difference between the premium for the Short Period and that for the extended period.

SECTION III
CONSEQUENTIAL LOSS (FIRE) POLICY

ANNEXURE 'A'

Draft Policy Form, Schedule and Conditions

Policy Form:

In consideration of the insured named in the Schedule hereto having paid to The _____ Insurance Co.Ltd, (hereinafter called the Company), the premium mentioned in the Schedule, the Company agrees (subject to the Special Conditions and Exclusions contained herein or endorsed or otherwise expressed hereon and also to the Conditions and Exclusions contained in the Fire Policy covering the interest of the insured in the property at the premises) that if any building or other property or any part thereof used by the Insured at the premises for the purpose of the Business, be destroyed or damaged by the perils covered under the fire policy, (Destruction of damage so caused being hereafter termed Damage), and the Business carried on by the Insured at the Premises be in consequence thereof interrupted or interfered with, then the company will pay to the insured in respect of each item in the schedule hereto the amount of loss resulting from such interruption or interference in accordance with the provisions contained therein:

Provided that

- 1) Such Damage is caused at any time after payment of the premium during the period of insurance named in the Schedule or of any subsequent period in respect of which the insured shall have paid and the Company shall have accepted the premium required for the renewal of the policy.
- 2) At the time of the happening of the Damage there shall be in force a Fire Policy 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 thereunder. However, the Proviso shall not apply where payment is not made under Fire Policy, solely due to operation of a proviso in fire policy excluding liability for losses below a specified amount.
- 3) The liability of the Company shall in no case exceed in respect of each item 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 hereafter be substituted therefor by memorandum duly signed by or on behalf of the Company.

SCHEDULE

Agency

The Insured :

Policy No:

Issued at:

Date:

The Business:

The Premises:

The indemnity: The amount which the insured is entitled to recover under the provisions of the attached Specification which is declared to be incorporated in and to form part of the Schedule but not exceeding the total sum insured hereby.

Total sum insured:

Period of indemnity : _____ months

Period of Insurance: froma.m/p.m of to midnight of

PERILS COVERED

RATE

PREMIUM

Statistical Code No :

In witness whereof the undersigned being duly authorised by and on behalf of the Company has/have hereunto set his/their hand/s

(Name of the Insurance Company)

Duly Constituted Attorney (s)

CONDITIONS

1. The insurance by this Policy shall cease if:
 - a) The business be wound up or carried on by a Liquidator or Receiver or permanently discontinued
 - or
 - b) the insured's interest ceases otherwise than by death
 - or
 - c) any alteration be made either in the business or in the premises or property therein whereby the risk of Damage is increased, at any time after the commencement of this insurance, unless its continuance be admitted by memorandum signed by or on behalf of the Company.
2. Notice shall be given to the Company of alteration in existing blocks, addition of new blocks and/or premises and/or deletion of existing blocks and/or premises during the currency of the Policy to enable the company to determine whether the basis rate of the Policy undergoes a change as a result of such inclusions/exclusions and to effect necessary adjustments in the premium under this Policy.
3. On the happening of any Damage in consequence of which a claim is or may be made under this Policy, the insured shall
 - a) forthwith give notice thereof to the Company,
 - b) with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss.
 - c) not later than thirty days after the expiry of the period of Indemnity or within such further time as the Company may in writing allow, at his own expense deliver to the Company in writing a statement setting forth particulars of his claim together with details of all other insurances (if any) covering the damage or any part of it or consequential loss of any kind resulting therefrom.
 - d) at his own expense produce or procure and give to the Company such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by or on behalf of the Company for the purpose of investigating or verifying the claim together with a declaration on oath or in other legal form 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 on account of the claim already made shall be repaid to the Company forthwith.

4. In no case whatsoever shall the Company be liable in respect of any claim under this Policy after the expiration of:
 - (a) One year from the end of the period of indemnity or if later,
 - (b) Three months from the date on which payment shall have been made or liability admitted by the Insurers covering the Damage giving rise to the said claim, unless the claim is the subject of pending action or Arbitration.
5. This Policy and the Schedule annexed (which forms an integral part of this Policy) shall be read together as one contract, and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they may appear.
6. This insurance does not cover any loss resulting from damage occasioned by or through or in consequence, directly or indirectly, of any of the following occurrences, namely:-
 - (a) War, Invasion, act of foreign enemy, hostilities or Warlike Operations (whether war be declared or not), Civil War.
 - (b) Mutiny, Civil Commotion assuming the proportion of or amounting to a popular-rising, military rising, insurrection, rebellion, revolution, military or usurped power.

In any action suit or other proceeding where the Company alleges that by reason of the provision of this condition any loss or damage is not covered by this Insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

7. At all times during the period of insurance 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, pro-rata premium for the unexpired period from the date of such loss to the expiry of period of insurance for the amount of such loss shall be payable by insured to the company.

The additional premium referred above shall be deducted from the net claim amount payable under the Policy. This continuous cover to the full extent will be available notwithstanding any previous loss for which the company 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 Company for deduction from the claim amount when settled of pro-rata premium to be calculated from the date of loss till expiry of the 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 the loss, exercises his option not to reinstate the Sum Insured as above.

ANNEXURE –B

Consequential Loss Insurance Specifications

Specification A – Insurance on Gross Profit on Turnover Basis

Item No.	Sum Insured
1. On Gross Profit	Rs.
2.	
3.	
Total Sum Insured	Rs.

The insurance under Item No.1 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 be conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of Item 1 shall apply separately to each department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the rate of gross profit for each department of the business (whether affected by the damage or not) to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.”

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 to be inserted).

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 _____ 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 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.
- Memo 3:** If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, 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 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 a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

Specification B – Insurance on Gross Profit on Output Basis

Item No.	Sum Insured
1. On Gross Profit	Rs. _____

The insurance under Item No.1 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 be conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of Item 1 shall apply separately to each department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the rate of gross profit for each department of the business (whether affected by the damage or not) to the relative Annual Output thereof, the amount payable shall be proportionately reduced.

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).

OUT PUT - The quantity of _____ + _____ produced at the premises measured in units of _____ ++

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

+ Insert description of commodity produced by the insured

++ Insert unit of weight used

<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 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.

Memo 3: If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, 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 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 a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

Specification C - "Difference" Basis

Item No.	Sum Insured
1. On Gross Profit	Rs. _____

The insurance under Item No.1 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 Turnover, the amount payable shall be proportionately reduced.

* Insert the appropriate multiple if the Indemnity Period exceeds 12 months.

Departmental Clause:

If the business be conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of Item 1 shall apply separately to each department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the rate of gross profit for each department of the business (whether affected by the damage or not) to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.

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 ____ 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 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 the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, 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 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 a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

Specification I – Revenue Basis

Specification referred to in Policy No. issued by the Insurance Company in the name of and forming an integral part of that policy.

Item No.	Sum Insured
1. On Gross Revenue	Rs. _____

The insurance under Item 1 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 * 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 * * in course of the business at the premises.

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

<p>STANDARD GROSS REVENUE – 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 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 GROSS REVENUE – The Gross Revenue earned during the period in the twelve months immediately before the date of 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 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% 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.

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

Specification D – Wages

(i) DUAL BASIS

The insurance under item Is limited to loss in respect of “Wages” and the amount payable as indemnity thereunder shall be

(a) In Respect of Reduction in Turnover

- i.) During the portion of the Indemnity Period beginning with the occurrence of the damage and ending not later than Weeks thereafter the sum produced by applying the Rate of Wages to the Shortage in Turnover/Output during the said portion in the Indemnity Period.

less any saving during the said portion of the Indemnity Period through reduction in consequence of the damage in the amount of Wages paid

- ii.) During the remaining portion of the Indemnity Period the sum produced by applying the Rate of Wages to the Shortage in Turnover/Output during the said remaining portion of the Indemnity Period.

less any saving during the said remaining portion of the Indemnity Period through reduction in consequence of the damage in the amount of Wages paid but not exceeding the sum produced by applying percent of the Rate of Wages to the Shortage in Turnover/Output during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for saving under the terms of Clause (i) (OPTION TO CONSOLIDATE – at the option of the insured, the number of weeks referred to in clause (a) (i) above may be increased to **X** provided that the amount arrived at under the provisions of clause (a)(ii) shall not exceed such amount as is deducted under clause (a) (i) for saving effected during the said increased number of weeks.

(X) here insert the equivalent numbers of weeks ascertained from the conversion Table provided in Section II –Rule 3 (a).

- (b)** In Respect of Increase in Cost of Working so much of the additional expenditure described in Clause (b) of Item 1 as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of Reduction in Turnover/Output under the Provisions of Clauses (a) (i) and (ii) of this item had such expenditure not been incurred.

Provided that if the Sum Insured by this item be less than the sum produced by applying the Rate of Wages to (insert the appropriate multiple if the Indemnity Period exceeds 12 months. e.g. where the indemnity period is eighteen months insert one and a half times) the Annual Turnover/output, the amount payable under this shall be proportionately reduced.

Definitions

WAGES – Total Wages of all employees other than those whose wages are insured as a standing charge.

Note: - The above definition may be altered to suit the requirements of individual clients.

RATE OF WAGES – The Rate of Wages to Turnover/Output during the financial year immediately before the date of the damage 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.

SHORTAGE IN TURNOVER/OUTPUT - The amount by which the Turnover/Output during a period shall in consequence of the damage fall short of the part of the Standard Turnover/Output which relates to that period.

Specification D – Wages

(ii) Pro Rata Basis

The insurance under Item No..... on weeks Wages on sum insured Rs..... Is limited to the loss incurred by the Insured by the payment of Wages for a period beginning with occurrence of the damage and ending not later than weeks thereafter.

The amount payable as indemnity under this item shall be the actual amount which the Insured shall pay as Wages for such period to employees whose services cannot in consequence of the damage be utilised by the Insured at all and an equitable part + (based upon shortage of production) of the Wages paid for such period to employees whose service cannot in consequence of the damage be utilised by the Insured in full;

Provided that if the sum insured by this item shall be less than the aggregate amount of the Wages that would have been paid during the weeks immediately following the damage, had the damage not occurred, the amount payable shall be proportionately reduced.

For the purpose of this item the term Wages shall mean *+. It is permissible to omit the words in brackets or to substitute for ‘production’ some other indeed of activity.

* Here insert a precise definition of the scope to which the insurance of Wages (which may, if desired, expressly include Bonuses, Holiday Pay and the like) is to apply e.g.

the Wages of all Employees the Wages of a specified category or categories of Employees the wages of all Employees who are normally paid on a weekly basis	(Add, if any wages are insured as a standing charge other than whose Wages are insured as a Standing Charge under Item No.....)
---	---

Specification E – Lay –off and/or retrenchment Compensation with or without Notice Wages Liability

The insurance under Item No.3 is limited to the amount which the Insured shall become legally liable to pay and shall pay to employees * Under the provisions of the Industrial Disputes Act, 1947 and all subsequent amendments thereto.

Provided that the amount payable as indemnity under this item shall not exceed the amount which would otherwise have been payable as Wages to the said employees during the period of indemnity, had no damage occurred.

Provided also that if the sum insured by this policy shall be less than the aggregate amount of * to the said employees the amount payable shall be proportionately reduced.

“For the purpose of this item “Employee” shall mean “Workman” as defined under the Industrial Disputes Act, 1947 and subsequent amendments thereto but excluding those employees whose remuneration is insured as a standing charge under Item 1 of the Policy.

* insert here the appropriate cover opted by the insured , viz.

- (i) Lay-off and/or Retrenchment Compensation or
- (ii) Lay-off and/or Retrenchment Compensation with or without Notice Wages Liability or
- (iii) Lay-off Compensation, or
- (iv) Retrenchment Compensation or
- (v) Retrenchment Compensation with or without notice Wages Liability

as the case may be.

Specification F – Additional Cover Clauses
Auditors’ Clause
(Modifying the Company’s liability under condition 3)

The Insurance under Item No. _____ is limited to the reasonable charges payable by the Insured to their Auditors for producing and certifying any particulars or details contained in the Insured’s books of account or other business books or documents or such other proofs, information or evidence as may be required by the Company under the terms of Condition 3 of this Policy. Any particulars or details contained in the Insured’s books of account or other business books or documents which may be required by the Company under Condition 3 of this Policy for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured’s Auditors, and their certificate shall be prima facie evidence of the particulars and details to which such certificates relate.

Specification G – New Business Clause

For the purpose of any claim arising from damage occurring before the completion of the first year’s trading of the business at the premises the terms “Rate of Gross Profit”, “Annual Output/Turnover” and “Standard Output/Turnover” shall bear the following meaning and not as within stated:-

RATE OF GROSS PROFIT – The rate of Gross Profit earned on the Output/Turnover during the period between the date of the commencement of the business and the date of the damage.	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.
ANNUAL OUTPUT/TURNOVER – The proportional equivalent for a period of twelve months or the Output/Turnover realised during the period between the commencement of the business and the date of the damage.	
STANDARD OUTPUT/TURNOVER – The proportional equivalent for a period equal to the Indemnity Period of the Output/Turnover realised during the period between the commencement of the business and the date of the damage.	

Specification H –

Solicitors’ and Professional Mens’ Fees

Specification for Professional Mens’ Policy

SPECIFICATION referred to in Policy No. issued by the Insurance Company Limited in the name of and forming an integral part of that policy

Item No.	Sum Insured
1. On Gross Profit	Rs.
2. On Additional Expenditure	Rs.
3. On Legal, Clerical and other charges	Rs.
Total Sum Insured	Rs. _____

The insurance under Item No.1 is limited to loss of **Gross Fees** and **Increase in Cost of Working** and the amount payable as indemnity thereunder shall be: -

- (a) IN RESPECT OF LOSS OF GROSS FEES: the amount by which Gross Fees earned during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Fees.
- (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 Gross Fees which, but for that expenditure, would have taken place

during the Indemnity period in consequence of the Damage, but not exceeding the reduction in Gross Fees thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business as may cease or be reduced in consequence of the damage.

Provided that if the Sum Insured by this Item be less than * the Gross Fees, the amount payable shall be proportionately reduced.

THE INSURANCE UNDER ITEM 2 is limited to such further additional expenditure beyond that recoverable under Item 1(b) as the Insured shall necessarily and reasonably incur during the Indemnity Period in consequence of the damage in connection with the fitting up of Temporary Offices, increased Rent, Rates, Taxes, Lighting, Heating and Insurance thereof, removal costs and expenses incidental thereto.

THE INSURANCE UNDER ITEM NO 3: is limited to Legal, Clerical and other charges necessarily incurred in the replacement or restoration of deeds and other documents (including stamps thereon) manuscripts, plans, specifications and writings of every description and books (written and printed), books of account, card indexes and other business records, not exceeding in respect of any one document, plan, book or card index set the sum of Rs.

Definitions

GROSS FEES – The money paid or payable to the insured 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 ____ months thereafter during which the results of the business shall be affected in consequence of the damage.

<p>ANNUAL GROSS FEES –The Gross Fees earned during the twelve months 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>STANDARD GROSS FEES –The Gross Fees earned 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 services shall be rendered elsewhere than at the premises 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 services shall be brought into account in arriving at the Gross Fees during the Indemnity Period.

Memo 2: The Insurance by item 3 extends to cover property as therein described if and in so far as it is not otherwise insured whilst temporarily removed to any premises not in

the insured's occupation and whilst in transit between such places by road, rail or inland waterway, in India to an amount not exceeding 10 percent of the sum insured by the said item.

Memo 3: If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, that the Gross Fees 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.

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.

Note: As regards the rate for covering Professional Mens' Fees, the standard percentage scale of the basis provided in the Consequential Loss (Fire) Tariff would be applicable to such covers.

Specification J – 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 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.

ANNEXURE C

Endorsement for Extension in Respect of Add-On Covers

(A) Extension to cover Consequential Loss due to other Add-On Covers:

Add-On covers such as Earthquake may be included in the Policy by use of an endorsement wording as follows:

In consideration of the payment of the aftermentioned premium, it is hereby agreed and declared that, notwithstanding anything in the within written policy contained to the contrary, the term 'Damage' as defined in this policy shall (subject always to the Special Conditions hereinafter contained) extend to include:

(here insert the appropriate Add-On cover)

Provided that it is hereby further expressly agreed and declared that:-

- (1) The liability of the Company shall in no case under the Endorsement and the Policy exceed the sum insured by this Policy.
- (2) All the Conditions of this Policy shall apply in all respects to the insurance granted by this extension save in so far as the same may be expressly varied by the above Special Conditions.
- (3) The Special Conditions herein shall apply only to the insurance granted by this extension and the Conditions of the Policy shall apply in all respects to the insurance granted by the policy as if this Endorsement had not been made thereon.

(B) Spoilage Consequential Loss Cover:

Loss of Profits as a result of spoilage may be covered as an additional item by extending the Consequential Loss (Fire) Insurance Policy subject to the following conditions:-

(a). Scope of Cover

The cover shall extend to loss of profits arising out of the spoilage, i.e.. interruption of business solely as a result of (i) loss of stock-in-process and (ii) damage to machinery, containers and equipment. The following endorsement wording shall be used:

Endorsement for Spoilage Risk Extension under the Consequential Loss (Fire) Policy

Attached to and forming part of the Policy No

In consideration of the payment of the sum of Rs..... additional premium, it is hereby agreed and declared that notwithstanding anything in the within written policy

contained to the contrary, the term 'Damage' as defined under this Policy, shall extend to include loss or damage in consequence of spoilage resulting from the retarding or interruption or cessation of any process or operation caused by any of the perils covered under this Policy,

Provided that it is hereby further expressly agreed and declared that :

- (1) The liability of the Company shall in no case under this endorsement and the policy exceed the sum insured by this policy.
- (2) All the conditions of this policy shall apply (except in so far as they may be hereby expressly varied) and that any reference therein to loss or damage by fire shall be deemed to apply also to loss or damage caused by spoilage which perils this insurance extends to include by virtue of this Endorsement.

(b) Sum to be Insured:

Consequential Loss Cover may be covered for an indemnity period selected by the insured and the sum insured being gross profit corresponding to the same indemnity period which shall not be less than one month.

(c) Rate to be charged:

The rate to be charged shall not be less than the full 'Average Spoilage Rate' of the items covered against Spoilage Risk under the Material Damage Policy. The 'Average Spoilage Rate' shall be the percentage which the aggregate net premium in respect of items covered under the Material Damage Policy against Spoilage risks bears to the total sum insured against spoilage risks under the material damage policy. The cover to be otherwise subject to the Condition of Average.

ANNEXURE - D

OTHER EXTENSIONS:

Note: For extensions given as per extensions of cover under Annexure 'D', reference must be made to the Tariff Advisory Committee for the fixation of an additional premium to be charged, if the rates are not provided for in the Tariff for such extension.

1. Insured property stored at other situations

IN consideration of the payment of (the aftermentioned additional premium) (an additional premium which included in the premium hereon) it is hereby agreed and declared that subject to the conditions of the policy, loss as insured by the item(s) number(s) of this policy, resulting from interruption of/or interference with the business in consequence of damage (as within defined) to property at the under noted situation shall be deemed to be loss resulting from damage to property used by the insured at the premises.

Provided that the liability under this memorandum in respect of any one location shall not exceed in respect of (each of) item(s) number(s) percent of the sum insured thereunder.

Note: (a) Property of the Insured Stored

Where the extension relates solely to property of the insured, the words "property at the undernoted situation" and the heading "situations" should be deleted from the wording and the former replaced by "property of the insured while stored anywhere than at premises in the Insured's occupation".

(b) Suppliers' Premises

Where the extension relates to more than one supplier with differing limits, the proviso and "Situations" should be amended to read as follows:

"Provided that the liability under this memorandum in respect of any one location under (each of) item(s) No(s) shall not exceed the percentage of the sum insured thereunder shown against each situation,

SITUATION

LIMIT"

"Further provided that if the percentage shown against the name of the supplier in whose premises damage has occurred shall be less than the percentage of dependence of the insured on that supplier, the amount otherwise payable shall be proportionately reduced."

(c) Premises where a Contract is being carried out:

The following should be inserted under 'SITUATIONS': 'Any location where the insured is carrying out work'.

(d) Professional Insured:

Applicable solely to items on the Gross Revenue/Fees of a business providing professional or similar service only.

The words ‘Property at the under noted situations’ and the heading ‘SITUATION’ should be deleted from the wording and the former replaced by ‘documents belonging to or held in trust by the insured, whilst temporarily at premises not in the occupation of the insured, or whilst in transit by road, rail or inland waterway.’

II Electricity Station, Gas Works and Water Works

In consideration of the payment of an additional premium amounting to Rs..... it is hereby agreed and declared that loss as insured by + (item Nos..... of) this policy resulting from interruption of or interference with the business carried on by the insured at the premises described within in consequence of failure of electric supply at the terminal ends of the electricity service feeders*/Gas Works*/Water Works* from which the insured obtain electric Supply*/Gas*/Water* at the said premises directly due to Damage (as within defined) to property at an Electricity Station or Substation of Public Electricity Supply Undertaking*/Gas Works*/Water Works* (excluding Jack wells) from which the insured obtain electricity supply*/Gas*/Water* shall be deemed to be loss resulting from damage to property used by the insured at the premises

+ Delete if inapplicable

* Omit as may be necessary

Provided, however, that the Company shall not be liable for any loss occasioned by the deliberate act of the Government, Municipal or Local Authority or Supply Authority not performed for the sole purpose of safeguarding life or protecting any part of the supply undertaking’s system or by the exercise by any such Authority of its power to withhold or restrict or ration supply not necessitated solely by Damage to the supply undertaking’s generating or supply equipment by an insured peril.

For the purpose of the above extension, the ‘Indemnity Period’ in respect of each damage or of a series of damages consequent on or attributable to one source or original cause shall be as follows:

“The period beginning with the occurrence of damage and ending not later than 60 days thereafter during which the result of the business shall be affected in consequence of the damage.”

Provided that the Company shall not be liable for any loss unless the duration of each such failure exceeds 24 hours.

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

In any action, suit or other proceeding, where the Company alleges that by reason of the provisions of this Condition any loss or damage is not covered by this insurance, the burden of proving that this loss or damage is covered shall be upon the insured.

ANNEXURE E

Following plants carry out continuous, automatic or semi-automatic process :-

Bakeries and Biscuits Factory

Battery Service Stations

Breweries

Cement Factories

Chemical Manufacturers - All factories are not automatic or semi-automatic and Continuous

Detergent Factories

Distilleries

Electric Power Works

Electric Sub-stations

Electroplating Works

Engine, Boiler and Pump Houses

Glass Factories

Ice candy and Ice Cream Manufacturing Premises

Ice Factories

Ink Factories (excluding printing ink manufacture)

Man-Made Fibre Manufacturing Factories

Paper and Cardboard Mills

Plastic Raw Materials Manufacturers

Sugar Factories

Tile, Pottery and Brick Works

Vegetable Oil Solvent Extraction Plants

Vegetable Ghee Factories

Wireless Transmitting Stations

Note : “The above list should not be considered as exhaustive. In case of doubt as to whether a plant is carrying on continuous process or not, reference must be made to Tariff Advisory Committee.”

ANNEXURE - F

SCHEME FOR VOLUNTARY DEDUCTIBLES FOR –MATERIAL DAMAGE AND CONSEQUENTIAL LOSS (FIRE) POLICIES FOR NON-PETROCHEMICAL RISKS AND PETROCHEMICAL RISKS

Eligibility: All risks shall be eligible for opting various slabs of Deductibles as given in the scheme in lieu of which appropriate discount in their premiums shall be granted.

Application: An application in the format given in Annexure '1' must be submitted by the Insured to the Insurer duly filed in giving all the necessary details. The application must be submitted at least one month in advance before the actual expiry date of the Policy(ies).

Authority Authority for granting suitable discount for Voluntary Deductibles selected by the insured shall rest with the Insurer.

Validity Period: The discount granted for deductible agreed by the Insured shall be valid for one year only and the Insured must submit their application one month in advance before the next renewal.

Deductible : The following Deductibles and the discount in % may be granted as given below:

Table of discounts for Voluntary Deductibles (Non-Petrochemical Plants)	
Deductible	Discount (%)
7 days Gross Profit subject to minimum of Rs.10 lakhs	2.5
14 days Gross Profit subject to minimum of Rs.20 lakhs	5
21 days Gross Profit subject to minimum of Rs.30 lakhs	7.5
28 days Gross Profit subject to minimum of Rs.35 lakhs	10
35 days Gross Profit subject to minimum of Rs.40 lakhs	15
60 days Gross Profit subject to minimum of Rs.45 lakhs	25

N.B.1 : The discount shall not exceed 25% even if the insured selects a deductible higher than that given under sub item (vi) above.

N.B.2: Voluntary Deductible once opted shall apply to the entire property insured and no selection shall be allowed.

Table of discounts for Voluntary Deductibles Petrochemical Plants)	
Deductible	Discount (%)
7 days Gross Profit (compulsory as per Tariff)	Nil
14 days Gross Profit subject to minimum of Rs.20 lakhs	5
21 days Gross Profit subject to minimum of Rs.30 lakhs	7.5
28 days Gross Profit subject to minimum of Rs.35 lakhs	10
35 days Gross Profit subject to minimum of Rs.40 lakhs	15
60 days Gross Profit subject to minimum of Rs.45 lakhs	25

N.B.1 : The discount shall not exceed 25% even if the insured selects a deductible higher than that given under sub item (vi) above.

N.B.2: Voluntary Deductible once opted shall apply to the entire property insured and no selection shall be allowed.

N.B.3: The Voluntary Deductible opted above shall replace compulsory excess

N.B.4: The Discount granted for opting voluntary deductible for Fire Policies shall not be taken into account while working out the rate for Consequential Loss (Fire) Policies.

Voluntary Deductible Clause:

The Insurer must attach to the policy(ies) the following clause in case the Insured accept the deductible and the discount in premium is granted.

“It is hereby declared and agreed that insured having opted to bear the amount of loss as computed hereunder of each and every admissible claim under the policy.

- i. In respect of a policy insuring reduction in turnover, the amount equivalent to the rate of Gross Profit applied to the Standard Turnover for Days.
- ii. In respect of a policy insuring reduction in output, the amount equivalent to the rate of Gross Profit applied to the Standard Output for days.

The Company has allowed a discount of % on the final premium payable for Consequential Loss (Fire) Policy and it extensions covering all the Special Perils.”

Application for Voluntary Deductibles

- 1. (a) Name of the Insured:

(b) Address where the property to be covered is located:
- 2. Brief Description of the Risk
- 3. Details of Fire Policies, Consequential Loss (Fire) Policies & Extensions covering Add-on covers covering the above property.

Insurer's Name	Details of Policy/Policies Material Damage & Business Interup.	Add-on Covers covered	Period of Insurance	Sum Insured	Premium	
					Fire Policy	Add-On Covers

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4. Voluntary Deductibles proposed:

a) Material Damage Policy -

b) Consequential Loss (Fire) Policy -

Place & Date:

Signature of the Insured
(Name and Designation)

