

## LATENT DEFECTS INSURANCE



The Prospectus is intended to facilitate an easier understanding of the policy terms, conditions and exclusions. It only gives a summary of the major benefits and risks associated with this insurance product. The details furnished are only a summary of product features and do not describe the entire terms, conditions and exclusions of the policy. The policy attached with this statement represents the legal contract between the Insured and SBI General Insurance Co. Ltd and should be seen for complete details.

If you need any clarification on coverage please call your nearest SBI General Insurance office.

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**SBI General Insurance Company Limited - Prospectus**

Corporate & Registered Office:  'Natraj', 301, Junction of Western Express Highway & Andheri - Kurla Road, Andheri (E), Mumbai - 400 069 / CIN: U66000MH2009PLC190546 /  Tel.: +91 22 42412000 /  [www.sbigeneral.in](http://www.sbigeneral.in) / Logo displayed belongs to State Bank of India and is used by SBI General Insurance Co. Ltd. under license / IRDAI Registration Number 144 / Product Name - Latent Defect Insurance / UIN: IRDAN144CP0001V01201819 / IRDAI Reg No 144

### Why Latent Defect Insurance?

- There is a need for lasting quality in the buildings and many end users, both individual and institutional are willing to pay a premium in return for a guarantee on the quality of construction.
- Latent defects are not covered under the traditional policies of Engineering, Fire and Professional Indemnity.
- Latent Defect Insurance (LDI) policy is a first party policy, which implies that in the event of a claim this policy can take precedence over any contractual or legal rights.
- This policy is assignable during the tenure which means that, the subsequent owners of the property will be assigned the rights of this policy.
- Technical inspection by independent engineers improves quality
- Recourse under the law of contract or law of tort is expensive, tedious, and only a first step to recovery.

### Who should buy this insurance?

The builders or promoters of real estate projects are obligated under clause 14 (3) of the Real Estate (Regulation and Development) Act, 2016 to rectify any defects (structural defects) without any further charge within 30 days if brought to the notice of the promoter or builder by the allottee within a period of 5 years from the date of handing over possession of the unit.

In such a situation this insurance coverage can be useful for the builder or promoter to safeguard themselves against any financial loss due to the above situation.

### Period of Insurance

The period of coverage offered by the policy is 5 years from the date of coverage inception.

### Coverage

The policy covers the Insured to be indemnified by the Insurers in the event of collapse or physical damage to the Insured Property or any threat thereof caused by a Latent Structural Defect of such Insured Property. The cover is only offered for building and civil structures about to be constructed.

The cost incurred for demolition and removal of debris in connection with the Loss

The Policy also indemnifies the Insured, up to the Sum Insured specified, for professional fees, including but not limited to technical consultants' and legal fees, necessarily and reasonably incurred in connection with the Loss.

The Policy also indemnifies the Insured, for additional costs of repair or replacing and/or strengthening which arise out of alterations incurred solely and specifically in compliance with or consequent upon any building or other regulations under or pursuant to any statutory obligation

### Additional Endorsements offered on payment of additional premium

- Ingress of water from building flat roofs
- Ingress of water from basement
- Ingress of water from external façade (only for commercial buildings)
- Floor tiling in the apartment
- Alternate rentals

### Coverage inception

This policy shall come into force provided that:

- (a) The Taking-Over Certificate or Occupancy Certificate for the entire insured structure has been issued and a copy of such certificate has been received by the Insurers, and
- (b) The Certificate of Approval for the entire insured structure has been issued and a copy of such certificate has been received by the Insurers, and
- (c) The Date of Issue of the Taking-Over Certificate or Occupancy Certificate is no later than **6** calendar months after the Estimated Date of Issue of the Taking-Over Certificate or Occupancy Certificate shown in the Schedule, and
- (d) The Insured and Insurers have signed an Endorsement stating the Date of Issue of the Taking-Over Certificate or Occupancy Certificate and confirming such date as the date of Policy Coverage Inception.

### Sum Insured

At the Date of Policy Coverage Inception the Sum Insured of the Insured Property shall correspond to the Estimated Value of the Insured Property at that date including costs of construction, design, management and supervision but exclude the value of land.

If at any time

- i. before the Date of Policy Coverage Inception or
- ii. within 3 months from the Date of Policy Coverage Inception.

The actual value of Insured Property deviates from the Estimated value of the Insured Property specified in the Schedule, or any other estimated value which has been agreed by Endorsement, the Sum Insured shall be adjusted so that it is equal to such actual value, subject to the increase or reduction not exceeding the automatic adjustment percentage stated in the Schedule, and such adjustment of the Sum Insured shall be formally stated by Endorsement.

The Policy also has a built in feature of indexation of Sum Insured as agreed at the time of taking the insurance.

### Deductibles

<p>In respect of Any One Loss:</p>	<ul style="list-style-type: none"> <li>• Sum Insured up to INR 200,000,000 – 10% of the Loss amount Subject to a minimum of INR 100,000 and Maximum of INR 4,000,000</li> <li>• Sum Insured More than INR 200,000,000 but less than INR 1,000,000,000 : 10% of the Loss amount subject to a minimum of INR 200,000 and maximum of 35,000,000</li> <li>• Sum Insured More than INR 1,000,000,000 : 10% of the loss amount Subject to a minimum of 500,000 and a maximum of INR 40,000,000 or 1% of TSI whichever is higher</li> </ul>
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### Technical Inspection

During the course of construction, SBI General Insurance Company shall appoint an Independent Technical Inspection Service Company to carry out monitoring activities on the quality of the building. These range from sample design checks to witnessing some tests at site. Example Profometer, ultrasonic testing for Density of Concrete, Hardness Test etc. The Independent Technical Inspection Service Company shall thereafter, provide reports and feedback on the quality of construction as an independent view.

### Premium Payment

Deposit Premium	On the Policy signing date	30%
Provisional Balance Premium	6 monthly equal instalments, final instalment 6 months prior to RERA completion date	70%
Final Balance Premium	120 days after the Policy coverage inception date	Subject to adjustments as stated in Clause 4 of the Policy

### Cancellation of policy

The policy may be cancelled by the Insured without assigning any reason prior to the Policy Coverage Inception date and the Insurers shall retain thirty percent of the hundred percent policy premiums.

The policy may be cancelled by the Insurer prior to the Policy Coverage Inception date by giving 15 days' notice in writing to the Insured's last known address only in the case of fraud, misrepresentation, mis-declaration and non-disclosure of material facts and non-cooperation. In such case, fifty percent of the hundred percent policy premiums shall be forfeited by the Insurers.

The policy may be cancelled by the Insured after the Policy Coverage Inception only on account of faulty title court award by giving 15 days' notice in writing to the Insurer. In such a case, pro rata temporise refund shall be made to the Insured after deducting claims incurred until the date of cancellation of the policy

### Exclusions

The exclusions mentioned are main exclusions and for detailed list of exclusions, the policy wordings should be referred.

Any loss arising from or consequent upon:

Latent Structural Defects of material, workmanship, design, plan or specification of:

1. Latent defects of material, workmanship, design, plan or specification of:
  - a. Internal Components, Fittings, Installations and Contents;
  - b. External Components;
2. Use of the Insured Property for any purpose other than that for which it was intended and/or as stated in the Schedule including but not limited to loading by any weight greater than that for which the structure of the Insured Property was designed for;
3. Inadequate maintenance
4. Fire, lightning, explosion;
5. Flood, inundation, storm surge, earthquake, tsunami, volcanic eruption, frost, drought;
6. Any loss of or damage to ground or property other than what is specified in the Schedule as Insured Property;
7. The use of any unproven and/or non-standard and/or innovative material or product, unless:
  - i. It has been certified by a recognized national or international organisation, and
  - ii. Such certification has been made available to the Technical Inspection Service Company and Insurers, and
  - iii. Insurers have confirmed in writing their approval of such use;

## General Exclusions

### War and Allied Perils

This Policy does not cover Loss occasioned by or through or in consequence, directly or indirectly, of any of the following events, namely:

- a. War, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war;
- b. Mutiny, military rising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege, nationalisation, confiscation, requisition, seizure or loss of or damage to property by order of the government or by any public authority;
- c. Strike, riot, civil commotion and popular rising.

In any action, suit or other proceedings where Insurers allege that, by reasons of the provisions of this Exclusion, any Loss is not covered by this Policy, the burden of proving that such Loss is covered shall be upon the Insured.

### Extended Nuclear Risks

This Policy does not cover any Loss occasioned by or through or in consequence, directly or indirectly, of any of the following events, namely:

- a) Ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- b) The radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- c) Any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- (d) The radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter, but the exclusion in this subclause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared,

carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes;

(e) Any nuclear reaction, nuclear radiation or radioactive contamination regardless of any other cause contributing concurrently or in any other sequence to any loss, damage or liability;

(f) Any chemical, biological, bio-chemical or electromagnetic weapon.

### Wilful Acts and Gross Negligence

This Policy does not cover Loss directly or indirectly caused by or arising from or aggravated by any wilful act or omission or gross negligence of the Insured or its management.

### Terrorism

This Policy does not cover Loss directly or indirectly caused by, resulting from, happening through, arising out of or in connection with any act of terrorism, regardless of any other cause contributing concurrently or in any other sequence to the Loss.

For the purpose of this exclusion, terrorism means an act or threat of violence or an act harmful to human life, tangible or intangible property or infrastructure with the intention or effect of influencing any government or of putting the public or any section of the public in fear.

In any action suit or other proceedings where the Insurers allege that by reason of this definition a Loss is not covered by this Policy, the burden of proving that such Loss is covered shall be upon the Insured.

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



## Claims notification

The claims for this product can be notified through various means as below:

- Call us at 1800221111 and 18001021111
- Email us at [customer.care@sbigeneral.in](mailto:customer.care@sbigeneral.in)
- SMS CLAIMS to 561612
- By Letter/Fax to any of our offices

## **Insurance Act,1938, Section 41-Prohibition of Rebates**

1. 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 or 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 or continuing a policy, accept any rebate except such rebate as may be allowed in accordance with the prospectuses or tables of the Insurer
2. Any person making default in complying with the provisions of this section shall be liable for a penalty, which may extend to Ten Lakh rupees.

"Natraj" 301, Junction of Western Express Highway & Andheri Kurla - Road, Andheri  
(East) Mumbai - 400 069

INSURANCE IS THE SUBJECT MATTER OF SOLICITATION