

## **PRODUCT BRIEF – DELAY IN START UP (DSU) POLICY**

It is proposed to offer the following cover under the Delay in startup (DSU) policy in conjunction with marine cargo policy. The full terms, conditions, warranties and additional covers would depend on the options exercised by the proposers and the final terms as offered by Reinsurer. The terms, conditions, warranties under the policy will be same as the one's provided by the reinsurers.

In DSU insurance, the range of material damage which triggers the insurer's liability is by far the broadest, compared with all the other types of Loss Of Profits (LOP) insurance. The professional evaluation of the DSU risks which are exposed to this great number of perils is therefore even more significant than in other engineering classes.

Risk control will be exercised in the wake of risk assessments before insurance is taken out, in order to investigate whether an object can be insured and to render it insurable, if necessary, by means of special conditions. Risk monitoring activities carried out during the policy period include the progress of work, deviations from the original plans and safety standards, and the updating of the scheduled date of commencement of the insured business. This places the insurer in a position to recognize changes in the risk and to react accordingly

The DSU underwriter must be careful enough to selectively request the precise technical information required on the risk to be insured and to assess this information in an expert manner.

### Coverage:

The indemnity is towards the: estimated gross profit during the indemnity period in months at the Maximum Rate per day in respect of loss of standing charges or gross profit during the indemnity period, due to the production during such period falling short of the standard production (hereinafter defined) as a result of loss of or damage to or delay in delivery of the property as described in the schedule hereto (or any part thereof) caused by:

- a risk which would be covered under insurance effected for the marine cargo risks
- loss of, mechanical breakdown of, or damage to the hull, machinery and/or equipment of the vessel or aircraft on which any of the property is being carried or intended to be carried which would be covered either :
- under an insurance effected subject to the Institute Voyage Clauses- Hulls CL.285 dated 1/10/83, and/or Institute War and Strikes Clauses Hulls-Voyage CL.295 dated 1/10/83 attached or

- under an Aircraft All Risks Policy including War, Hijacking and Allied Perils
- loss of, mechanical breakdown of, or damage to any other conveyance on which any of the property is being carried or intended to be carried from any fortuitous cause
- the vessel aircraft or other conveyance on which any of the property is carried or intended to be carried being involved in a General Average , Salvage or Life Saving operation.

### **Basis of Loss Settlement:**

The sum payable as an indemnity under this insurance shall be:

#### **1. In respect of reduction in production:**

The sum produced by applying the rate of standing charges &/or rate of gross profit as appropriate to the amount by which the production during the indemnity period shall in consequence of one or more of the occurrences fall short of the standard production.

#### **2. In respect of increase in cost of working:**

Additional expenditure reasonably and necessarily incurred for the sole purpose of avoiding or diminishing the reduction in production which would have taken place during the period of indemnity in consequence of the contingency, but, not exceeding the sum produced by applying the rate of standing charges to the amount of the reduction thereby avoided.

Less any sum saved during the indemnity period in respect of such standing charges as may cease or be reduced in consequence of the damage.

Provided that if the sum insured be less than the sum produced by applying the rate of standing charges to the annual production any amount payable under this policy shall be proportionately reduced.

**Underwriting Control:** All DSU proposals will be handled by the Corporate office for a better risk control.