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# INDUSTRIAL ALL RISKS INSURANCE POLICY

## Policy Wording

### SECTION I – MATERIAL DAMAGE

In consideration of the Insured paying to **SBI GENERAL INSURANCE COMPANY LIMITED** (hereinafter referred to as the Company), the premium shown in the Schedule, the Company agrees (subject to the terms, conditions and exclusions contained herein or endorsed or otherwise expressed hereon which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that if after payment of the premium any of the property insured be accidentally physically lost destroyed or damaged other than by an excluded cause during the Period of Insurance or 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 this Policy, the Company will pay to the Insured the value of the property at the time of the happening of its accidental physical loss or destruction or damage (being hereinafter termed Damage) or at its option reinstate or replace such property or any part thereof.

Provided that the liability of the Company in respect of any one loss or in the aggregate in any one Period of Insurance shall in no case exceed

i) As regards buildings, plants and machinery, furniture, fixture, fittings etc. the cost of replacement or reinstatement on the date of replacement or reinstatement subject to the maximum liability being restricted to the Sum Insured in respect of that category of the item under the Policy.

ii) As regards stocks the market value of the same not exceeding the Sum Insured in respect of that category of item under the Policy.

#### EXCLUSIONS

A. EXCLUDED CAUSES

1) This Policy does not cover damage to the property insured caused by:

a) i) faulty or defective design materials or workmanship inherent vice latent defect gradual deterioration deformation or distortion or wear and tear

ii) interruption of the water supply gas electricity or fuel systems or failure of the effluent disposal systems to and from the premises unless Damage by a cause not excluded in the Policy ensues and then the Company shall be liable only for such ensuing Damage.

b) i) collapse or cracking of buildings

ii) corrosion rust extremes or changes in temperature dampness dryness wet or dry rot fungus shrinkage evaporation loss of weight pollution contamination change in colour flavour texture or finish action of light vermin insects marring or scratching unless such loss is caused directly by Damage to the property insured or to premises containing such property by a cause not excluded in the Policy.

c) i) larceny

ii) acts of fraud or dishonesty

iii) disappearance unexplained or inventory shortage misfiling or misplacing of information shortage in supply or delivery of materials or shortage due to clerical or accounting error

d) i) coastal or river erosion

ii) normal settlement or bedding down of new structures

2) Damage caused by or arising from:

a) any willful act or willful negligence on the part of the Insured or any person acting on his behalf

b) cessation of work delay or loss of market or any other consequential or indirect loss of any kind or description whatsoever

3) Damage occasioned directly or indirectly by or through or in consequence 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 proportions of or amounting to a popular rising military rising insurrection rebellion revolution military or usurped power

4) i) permanent or temporary dispossession resulting from nationalization commandeering or requisition by any lawfully constituted authority

ii) permanent or temporary dispossession of any building resulting from the unlawful occupation of such building by any person provided that the Company is not relieved of any liability to the Insured in respect of Damage to the property insured occurring before dispossession or during temporary dispossession which is otherwise insured by this Policy

iii) the destruction of property by order of any public authority

In any action, suit or other proceeding where the Company alleges that by reason of the provisions of Exclusions A3) a) and b) above any loss destruction or damage is not covered by this insurance the burden of proving that such loss destruction or damage is covered shall be upon the Insured.

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5) Damage directly or indirectly caused by or arising from or in consequence of or contributed to by:

a) nuclear weapons material

b) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this Exclusion Combustion shall include any self-sustaining process of nuclear fission.

B. EXCLUDED PROPERTY

This Policy does not cover:

1) Money cheques stamps bonds credit cards securities of any description jewellery precious stones precious metals bullion furs curiosities rare books or works of art unless specifically mentioned as insured by this Policy

2) Unless specifically mentioned as insured by this Policy goods held in trust or on commission documents manuscripts business books computer systems records patterns models moulds plans designs explosives

3) a) vehicles licensed for road use (including accessories thereon) caravans trailers railway locomotives or rolling stock watercraft aircraft spacecraft or the like

b) property in transit other than within the premises specified in the Schedule

c) property or structures in course of demolition construction or erection and materials or supplies in connection therewith

d) land (including top-soil back-fill drainage or culverts) driveways pavements roads runways railway lines dams reservoirs canals rigs wells pipelines tunnels bridges docks piers jetties excavations wharves mining property underground off-shore property unless specifically covered

e) livestock growing crops or trees

f) property damaged as a result of its undergoing any process

g) property undergoing testing installation including materials and supplies thereof if directly attributable to the operations of work being performed thereon unless Damage by a cause not otherwise excluded ensues and then the Company will be liable only for such ensuing loss

h) property more specifically insured

i) property insured if removed to any building or place other than which it is herein stated to be insured, except machinery and equipments temporarily removed for repairs, cleaning, renovation or other similar purpose for a period not exceeding 60 days.

j) damage to property which at the time of the happening of such damage is insured by or would but for the existence of this Policy be insured by any marine policy or policies except in respect of any excess beyond the amount which would have been payable under the marine policy or policies had this insurance not been effected.

**DEDUCTIBLES**

This Policy does not cover the deductibles stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the Policy including any condition of Average.

Warranted that during the currency of the Policy the Insured shall not effect insurance in respect of the amount of the deductibles stated in the Schedule.

## GENERAL CONDITIONS

1. This Policy shall be voidable in the event of mis-representation, mis-description or non-disclosure of any material particular.

2. All insurances under this Policy shall cease on expiry of 7 days from the date of fall or displacement of any building or part thereof or of the whole or any part of any range of buildings or of any structure of which such building forms part.

   Provided such a fall or displacement is not caused by a peril not excluded by this Policy or such loss or damage would be covered if such building, range of buildings or structure were insured under this Policy.

   Notwithstanding the above, the Company, subject to an express notice being given as soon as possible but not later than seven days of any such fall or displacement may agree to continue the insurance subject to revised rates, terms and conditions as may be decided by it and confirmed in writing to this effect.

3. Under any of the following circumstances the insurance ceases to attach as regards the property affected unless the Insured, before the occurrence of any loss or damage, obtains the sanction of the Company signified by endorsement upon the Policy by or on behalf of the Company:

   a) If the trade or manufacture carried on be altered, or if the nature of the occupation or other circumstances affecting the building insured or containing the insured property be changed in such a way as to increase the risk of loss or damage by insured perils.

   b) If the building insured or containing the insured property becomes unoccupied and so remains for a period of more than 30 days.

   c) If the interest in the property passes from the Insured otherwise than by will or operation of law.

4. This insurance may be terminated at any time at the request of the Insured, in which case the Company will retain the premium at customary short period rate for the time the Policy has been in force. This insurance may also at any time be terminated at the option of the Company, on 15 days notice to that effect being given to the Insured, in which case the Company shall be liable to repay on demand a rateable proportion of the premium for the unexpired term from the date of the cancellation.

5. (i) On the happening of any loss or damage the Insured shall forthwith give notice thereof to the Company and shall within 15 days after the loss or damage, or such further time as the Company may in writing allow in that behalf, deliver to the Company

   a) A claim in writing for the loss or damage containing as particular an account as may be reasonably practicable of all the several articles or items or property damaged or destroyed, and of the amount of the loss or damage thereto respectively, having regard to their value at the time of the loss or damage not including profit of any kind.

   b) Particulars of all other insurances, if any.

   The Insured shall also at all times at his own expense produce, procure and give to the Company all such further particulars, plans, specification, books, vouchers, invoices, duplicates or copies thereof, documents, investigation reports (internal/ external) proofs and information with respect to the claim and the origin and cause of the fire and the circumstances under which the loss or damage occurred, and any matter touching the liability or the amount of the liability of the Company as may be reasonably required by or on behalf of the Company together with declaration on oath or in other legal form of the truth of the claims and of any matter connected therewith.

No claim under this Policy shall be payable unless the terms of this condition have been complied with.

(ii) In no case whatsoever shall the Company be liable for any loss or damage after the expiration of 12 months from the happening of the loss or damage unless the claim is the subject of pending action or arbitration; it being expressly agreed and declared that if the Company shall disclaim liability for any claim hereunder and such claim shall not within 12 months from the date of the disclaimer have been made the subject of a suit in a court of law then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

6. On the happening of loss or damage to any of the property insured by this Policy, the Company may –

a) enter and take and keep possession of the building or premises where the loss or damage has happened,

b) take possession of or require to be delivered to it any property of the Insured in the building or on the premises at the time of the loss or damage,

c) keep possession of any such property and examine, arrange, remove or otherwise deal with the same,

d) sell any such property or dispose of the same for account of whom it may concern.

The powers conferred by this condition shall be exercisable by the Company at any time until notice in writing is given by the Insured that he makes no claim under the Policy, or if any claim is made, until such claim is finally determined or withdrawn, and the Company shall not by any act done in the exercise or purported exercise of its powers hereunder, incur any liability to the Insured or diminish its rights to rely upon any of the conditions of this Policy in answer to any claim.

If the Insured or any person on his behalf shall not comply with the requirements of the Company or shall hinder or obstruct the Company, in the exercise of its powers hereunder, all benefits under this Policy shall be forfeited.

The Insured shall not in any case be entitled to abandon any property to the Company whether taken possession of by the Company or not.

7. If the claim be in any respect fraudulent, or if any false declaration be made or used in support thereof or if any fraudulent means or devices are used by the Insured or any one acting on his behalf to obtain any benefit under the Policy or if the loss or damage be occasioned by the willful act, or with the connivance of the Insured, all benefits under this Policy shall be forfeited.

8. If the Company at its option, reinstates or replaces the property damaged or destroyed, or any part thereof, instead of paying the amount of the loss or damage, or join with any other company or insurer in so doing, the Company shall not be bound to reinstate exactly or completely but only as circumstances permit and in reasonably sufficient manner, and in no case shall the Company be bound to expend more in reinstatement than it would have cost to reinstate such property as it was at the time of the occurrence of such loss or damage nor more than the sum insured by the Company thereon.

If the Company so elects to reinstate or replace any property the Insured shall at his own expense furnish the Company with such plans specifications, measurement, quantities and such other particulars as the Company may require, and no acts done, or caused to be done, by the Company with a view to reinstatement or replacement shall be deemed an election by the Company to reinstate or replace.

If in any case the Company shall be unable to reinstate or repair the property hereby insured, because of any municipal or other regulations in force affecting the alignment of streets or the construction of buildings or otherwise, the Company shall, in every such case, only be liable to pay such sum as would be requisite to reinstate or repair such property if the same could lawfully be reinstated to its former condition.

9. If the property hereby insured shall at the time of reinstatement/ replacement/ repair following a loss or damage indemnifiable under the Policy be of greater value than the Sum Insured under the Policy, then the Insured shall be considered as being his own insurer for the difference and shall bear a rateable proportion of loss.

Each item of the Policy to which this condition applies shall be separately subject to the foregoing provision.

Provided however that if the said Sum Insured in respect of such item(s) of the Schedule shall not be less than 85% (Eighty Five percent) of the value of the item(s) thereat, this condition shall be of no purpose and effect.

10. If at the time of any loss or damage happening to any property hereby insured there be any other subsisting insurance or insurances, whether effected by the Insured or by any other person or persons covering the same property, this Company shall not be liable to pay or contribute more than its rateable proportion of such loss or damage.

11. The Insured shall at the expense of the Company do and concur in doing, and permit to be done, all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated, upon its paying for or making good any loss or damage under this Policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Company.

12. If any dispute or difference shall arise as to the quantum to be paid under this Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration, the same shall be referred to a panel of three arbitrators, comprising of two arbitrators, one to be appointed by each of the parties to the dispute/ difference and the third arbitrator to be appointed by such two arbitrators and arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

It is clearly agreed and understood that no dispute or difference shall be referable to arbitration as herein before provided, if the Company has disputed or not accepted liability under or in respect of this Policy.

It is hereby expressly stipulated and declared that it shall be a condition precedent to any right of action or suit upon this Policy that the award by such arbitrator/ arbitrators of the amount of the loss or damage shall be first obtained.

13. Every notice and other communication to the Company required by these conditions must be written or printed.

14. 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 the Insured to the Company.

The additional premium referred above shall be deducted from the net claim amount payable under the Policy. Thus 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.

## SPECIAL CONDTIONS TO SECTION I

1. Sums Insured

   It is a requirement of this Insurance that the sums insured stated in this Schedule shall not be less than the cost of reinstatement as if such property (other than for stocks) were reinstated on the first day of the Period of Insurance which shall mean the cost of replacement of the insured items by new items in a condition equal to but not better or more extensive than its condition when new.

2. Basis of Loss Settlement

   In the event of any loss destruction or damage the indemnification under this Section shall be calculated on the basis of the reinstatement or replacement of the property lost destroyed or damaged, subject to the following provisions:

   2.1 Reinstatement or replacement shall mean:

   1. where property is lost or destroyed, the rebuilding of any buildings or the replacement of any other property by similar property, in either case in a condition equal to but not better or more extensive than its condition when new.
   2. where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new.

   2.2 Special Provisions

   1. The work of reinstatement (which may be carried out upon another site and in any manner suitable to the requirements of the Insured subject to the liability of the Company not being thereby increased) must be commenced and carried out within 12 months after the destruction or damage otherwise no payment beyond the amount which would have been payable under the Policy if these Special Provisions had not been incorporated herein shall be made.
   2. Where any property is lost destroyed or damaged in part only the liability of the Company shall not exceed the sum representing the cost, which the Company could have been called upon to pay for reinstatement if such property had been wholly destroyed.
   3. Until the cost of reinstatement or replacement shall have been actually incurred the amount payable under each of the items shall be calculated on the basis of the actual cash value of such items immediately before the loss destruction or damage with due allowance for depreciation for age use and condition.

3. Debris Removal

   This Policy covers the necessary expense for removal of debris of insured property from the described premises as a result of physical loss destruction or damage insured against under this Policy.

   The Company's total liability for debris removal is limited to the amount entered in the Schedule.

## SECTION II – BUSINESS INTERRUPTION

The Company agrees that if during the Period of Insurance the business carried on by the Insured at all the premises specified & listed in the Schedule is interrupted or interfered with in consequence of loss destruction or damage indemnifiable under Section I, then the Company shall indemnify the Insured for the amount of loss as hereinafter defined resulting from such interruption or interference provided that the liability of the Company in no case exceeds the total Sum Insured or such other sum as may hereinafter be substituted therefor by Endorsement signed by or on behalf of the Company.

## SPECIAL EXCLUSIONS TO SECTION II

1. This Policy does not cover loss resulting from interruption of or interference with the business directly or indirectly attributable to

   1.1 any restrictions on reconstruction or operation imposed by any public authority

   1.2 the Insured's lack of sufficient capital for timely restoration or replacement of property lost destroyed or damaged

   1.3 loss of business due to causes such as suspension lapse or cancellation of a lease licence or order etc. which occurs after the date when the items lost destroyed or damaged are again in operating condition and the business could have been resumed, if said lease licence order etc. had not lapsed or had not been suspended or cancelled.

   1.4 damage to boilers economizers turbines or other vessels machinery or apparatus in which pressure is used or their contents resulting from their explosion or rupture.

   1.5 electronic installations, computers and data processing equipment.

   1.6 Damage resulting from:

   a) deliberate erasure loss distortion or corruption of information on computer systems or other records programs or software.

   b) other erasure loss distortion or corruption of information on computer systems or other records programs or software unless resulting from fire, lightning, explosion, aircraft, impact by any road vehicle or animals, earthquake, hurricane, windstorm, flood, bursting overflowing discharging or leaking of water tanks apparatus or pipes in so far as it is not otherwise excluded unless caused by Damage to the machine or apparatus in which the records are mounted.

   1.7 mechanical or electrical breakdown or derangement of machinery or equipment.

2. This Policy does not cover the deductible stated in the Schedule to be borne by the Insured.

### BASIS OF INSURANCE

The cover provided under this Section shall be 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 hereunder 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 fall short of the Standard Turnover in consequence of the loss destruction or damage

(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 loss destruction or 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 Gross Profit as may cease or be reduced in consequence of loss destruction or 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 (or to a proportionately increased multiple thereof where the Maximum Indemnity Period exceeds twelve months) the amount payable shall be proportionately reduced.

## DEFINITIONS

1. **Gross Profit**

   The amount by which

   - the sum of the amount of the Turnover and the amount the closing stock and work in progress shall exceed

   - the sum of the amounts of the opening stock and work in progress and the amount of the Uninsured Working Expenses.

   Note: The amounts of the opening and closing stocks and work in progress shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

2. **Uninsured Working Expenses**

   The following variable expenses of the business are not covered by this Policy:

   A. Turnover and purchase taxes

   B. Purchases (less discounts received)

   C. Carriage, packing and freight.

3. **Turnover**

   The money (less discounts allowed) paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the Premises.

4. **Indemnity Period**

   The period beginning with the occurrence of loss destruction or damage and ending not later than the Maximum Indemnity Period thereafter during which the results of the Business shall be affected in consequence thereof. Provided always that the Company is not liable for the amount equivalent to the Rate of Gross Profit applied to the Standard Turnover during the period of Time Exclusion of --- days for FLOP and --- days for MLOP as stated in the Schedule.

5. **Rate of Gross Profit**

   The Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of loss destruction or damage

6. **Annual Turnover**

   The Turnover during the twelve months immediately before the date of loss destruction or damage

7. **Standard Turnover**

   The Turnover during the period in the twelve months immediately before the date of loss destruction or damage which corresponds with the Indemnity Period appropriately adjusted where the Indemnity Period exceeds twelve months

   to which such adjustment shall be made as may be necessary to provide for the trend of business and for variations in or other circumstances affecting the Business either before or after loss destruction or damage or which would have affected the Business had the loss destruction or damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the loss destruction or damage would have been obtained during the relative period after the loss destruction or damage.

## PROVISIONS

**Memo 1 – Benefits from Other Premises**

If during the Indemnity Period goods are sold or services are rendered elsewhere than at the premises for the benefit of the Business either by the Insured or by others acting on his behalf, the money paid or payable in respect of such sales, or services shall be taken into account in arriving at the Turnover during the Indemnity Period.

**Memo 2 – Return of Premium**

If the Insured declares at the latest nine months after the expiry of any Policy year that the Gross Profit earned during the accounting period of twelve months most nearly concurrent with any Period of Insurance, was less than the Sum Insured thereon a pro rata return of premium not exceeding one third of the premium paid on such sum insured for such Period of Insurance shall be made in respect of difference.

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