

Industrial All Risk Policy

Running an industrial or manufacturing unit is fraught with many risks. A fire could break out destroying everything in its path; or there could be a machinery breakdown, burglary or some other peril, which could interrupt your business. But now you can rest easy with the Industrial All Risks Insurance Policy, which protects your business from all these risks

Presenting the Industrial All Risks Insurance Policy

This is a Package Policy providing cover against Material Damage and Business Interruption of a business enterprise. This policy provides cover against all risks/ perils other than those which are excluded in the Policy.

The Policy in its widest form will include the following perils/covers:

Loss of net trading profit

- a. Fire and all Special Perils
- b. Burglary
- c. Machinery Breakdown/Boiler Explosion/Electronic Equipment Insurance
- d. Business Interruption (Fire and all Special Perils)

Eligibility

Industrial risks (excluding Petrochemical Risks) having overall Sum Insured of Rs.100 Crores and above in one or more locations in India shall be eligible for Industrial All Risks Policy.

What does this Policy cover?

The Policy offers coverage under two sections:

Section I - Material Damage

The policy provides compensation, in case the property insured is lost, destroyed or damaged accidentally other than in circumstances excluded in the 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 or at its option reinstate or replace such property or any part thereof.

Section II - Business Interruption

The policy will cover the amount of loss resulting from business interruption or interference in consequence of loss, destruction or damage covered under Section I, upto the limit of Sum Insured.

What is the Sum Insured?

Section I – Material Damage

The basis of valuation in respect of buildings and contents other than stock shall be on reinstatement value and in respect of stock it shall be on market value.

Section II – Business Interruption

The Sum Insured under this Section should represent the annual gross profit.

What does this Policy not cover?

Section I

The Policy will not cover any claim due to:

- Faulty or defective design materials or workmanship
- Interruption of the water supply, gas, electricity or fuel systems or failure of the effluent disposal systems
- Collapse or cracking of buildings
- Larceny
- Coastal or river erosion
- Willful act or gross negligence of the insured
- Cessation of work, delay
- War, warlike operations
- Nuclear risks
- The destruction of property by order of any public authority

Section II: Business interruption

The policy does not cover loss resulting from interruption of or interference with the business, directly or indirectly, attributable to

- Any restriction or reconstruction or operation imposed by any public authority
- The insured's lack of sufficient capital for timely restoration or replacement of property lost, destroyed or damaged
- Electronic installation, computer and data-processing equipment
- Deliberate erasure loss, distortion or corruption of information
- Deductible stated in the schedule
- Wilful act or gross negligence of the insured
- Cessation of work, delay
- War, warlike operations
- Nuclear risks
- The destruction of property by order of any public authority

This is not an exhaustive list. For a detailed list of exclusions, please read our policy terms and conditions.

What are the Add On clauses available under the policy?

The add on covers and clauses available under the policy are as under:

Section I (Material Damage)

- Architects', Surveyors and Consulting Engineers' Fee clause
- Designation of Property Clause
- Escalation Clause
- Omission to insure additions, alterations or extensions clause
- Temporary Removal of Stocks clause

Section II (Business Interruption)

- Suppliers' and Customers' Premises extension
- Failure of Utility services at the terminal ends

What is the Premium?

The Premium Rates for the policy will be based on our risk assessment, past claims history, level of deductibles opted and the add-on covers chosen.

What is the basis of indemnity?

The policy provides indemnity as below –

Section I (Material Damage)

In respect of Building, Plant & Machinery and Furniture, Fixtures & Fittings, the basis of indemnity is the reinstatement or replacement value of the affected items on the date of replacement subject to adequacy of sum insured.

However underinsurance to the extent of 15% is waived while computing the loss. For Stocks, the policy provides indemnity on market value basis

Section II (Business Interruption)

The basis of indemnity is –

- Loss of Gross Profit
- Increase in cost of working subject to economic limits

Compulsory Deductibles

Coverage under the policy is subject to the following compulsory deductibles

- **Material Damage claims** - Deductible shall be 5% of the claim amount, subject to minimum of Rs.5 lakhs and maximum of Rs. 50 lakhs.
- **Business Interruption claims** - Deductible shall be three days' Gross Profit, subject to minimum of Rs. 5 lakhs and maximum of Rs. 50 lakhs.

Is there any provision to opt for voluntary deductibles?

There is provision to opt for a range of Voluntary Deductibles for which discounts are given in premium rates ranging from 5% to 25%.