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## Consequential Loss (Fire) Policy

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### Salient Feature

Any one who gains by the preservation of the property and loses by its destruction i.e. a person having insurable interest can take out such insurance.

1. Individuals e.g. Houseowner, Shopowner, Warehouse owner etc.
2. Body Corporate e.g. Manufactures, Trading, Industry etc.
3. Boilers, Lessee

### Scope of Cover

The policy provides protection against damages/fortuities triggered by the following perils:-

1. Fire -Excluding destruction or damage caused to the property insured by
  - its own fermentation, natural heating or spontaneous combustion.
  - its undergoing any heating or drying process.
2. Lightning
3. Explosion/Implosion
4. Excluding destruction or damage caused to the boilers (other than domestic boilers), by its own explosion/implosion.
5. Aircraft Damage

6. Destruction or damage caused by Aircraft, other aerial or space devices and articles dropped therefrom excluding those caused by pressure waves.
7. Riot, Strike, Malicious and Terrorism Damage
8. Loss of or visible physical damage or destruction by external violent means directly caused to the property insured.
9. Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Flood and Inundation.
10. Impact Damage
11. Impact by any Rail/Road vehicle or animal by direct contact.
12. Subsidence and Landslide including Rock slide
13. Bursting and/or overflowing of Water tanks, Apparatus and Pipes.
14. Missile Testing operations
15. Leakage from Automatic Sprinkler Installations
16. Bush Fire

Excluding destruction or damage caused by Forest Fire.

## **EXCLUSIONS**

1. 5% of each and every claim resulting from the operation of Lightning. STFI ( Storm, Tempest, Flood and Inundation) and Subsidence & Landslide including Rock slide covered under this Policy.
2. Loss, destruction or damage caused by war.
3. Loss, destruction or damage directly or indirectly caused to the property insured by nuclear forms.

4. Loss, destruction or damage caused to the insured property by pollution or contamination.
5. Loss, destruction or damage to bullion or unset precious stones, any curios or works of art for small amount exceeding Rs.10000/-, manuscripts, plans, etc.
6. Loss, destruction or damage to the stocks in Cold Storage premises caused by change of temperature.
7. Loss, destruction or damage to any electrical and/or electronic machine, apparatus, fixture or fitting (excluding fans and electrical wiring in dwellings) arising from or occasioned by over running, excessive pressure, short circuiting, arcing, self-heating, or leakage of electricity, from whatever cause (lightning included)
8. Expenses necessarily incurred on
  - Architects, Surveyors and Consulting Engineer Fees and
  - Debris Removal by the Insured following a loss, destruction or damage to the property insured by an insured peril in excess of 3% and 1% of the claim amount respectively.
9. Loss of earnings, loss by delay, loss of market or other consequential or indirect loss or damage of any kind or description whatsoever.

### **DURATION OF COVER**

1. Fire Policies are generally issued for one year.
2. Long term Fire Policies to cover Buildings in course of construction or for Houses/Flats subject to certain conditions.

### **BASIS OF SUM INSURED**

Standard to be adopted for valuation of assets proposed for Fire Insurance)

## **MARKET VALUE BASIS ( for both Current & Fixed Assets )**

This is determined by the amount at which property of the same age and condition can be bought or sold. This value takes into account both depreciation due to age and appreciation due to inflation. In case of reinstatement value policy, the basis of loss settlement is the value of new property without taking any depreciation into account.

## **PRICING/EXCESS**

The rates for Fire Insurance are practically one of the lowest in all Branches of Insurance and therefore always expressed in per mille and as prescribed in the ALL INDIA FIRE TARIFF brought out by the TARIFF ADVISORY COMMITTEE.

## **BASIS OF INDEMNITY**

In case of a loss/damage the following two broad categories of assessment can be done.

1. In case of Partial Loss The insurers pay for the repair cost, freight and Insurance to and the repair workshop, dismantling and re-erection charges. In case of in house repair a reasonable amount of overheads is paid for.
2. In case of total loss the Insurers pay for the new replacement cost of identical machine of the same capacity and model. This gives the Gross Loss.

Thereafter the Net loss is computed as hereunder :

### GROSS LOSS

Less Depreciation ( to be considered only in case S.I. is fixed on Market value basis)

Less Salvage

Less Under Insurance

Less Excess

= Net Claim payable