
Machinery Insurance

Salient Features

Almost all stationery capital equipments can be covered under M.I. Policy. The broad categories are two namely. Electrical Machinery and non-electrical Machinery.

Scope of Cover

Machinery Insurance is against unforeseen and sudden physical damage to the insured machinery from causes such as

- Faulty material, design, construction, erection
- Vibration, maladjustments, malalignment
- Defective lubrication, loosening of parts, molecular fatigue, self heating, explosion due to internal pressure, implosion due to external pressure or internal vacuum, abnormal stress, centrifugal force.
- Excessive electric pressure, failure of insulation, short circuit, open circuit, or arching including damage by internal fire so set up.
- Failure of connected machinery or protective devices.
- Lack of skill, carelessness or malice of persons, whether insured employee or not.
- Falling, impact, collision and the like.

Sum Insured

The S.I. of each individual item must represent its new replacement value including transportation cost to site, customs dues and other installation cost.

Short Period rates

As per short period rates for motor insurance.

Policy Excess

S.I. for each item of Machinery

- 1) upto Rs. 2.5 crores
- 2) Over Rs. 2.5 crores and upto Rs. 5 crores
- 3) Over Rs. 5 crores and upto Rs. 10 crores
- 4) Over Rs. 10 crores

Deductible Excess

- 1% of S.I. or minimum
Rs. 250/- against each claim.
- 0.8% of S.I. subject to minimum
Rs. 2,50,000/- against each item.
- 0.6% of S.I. subject to minimum
Rs. 4 lacs against each item.
- 0.5% of S.I. subject to minimum
Rs. 6 lacs against each item.
- 10% of the S.I. for each claims.
- 2% of the S.I. or minimum
Rs. 250/- against each claim.
- 5% of S.I. or minimum
Rs. 1000/- against each claim

Only electrical equipment had tariff rates till 31-7-91, w.e.f. 1-8-91 mechanical items are also brought under the purview of tariff.

MINIMUM PREMIUM

Rs. 100/-

PROVISION FOR SPECIAL RATING

If the sum insured under the policy exceeds Rs. 10 crore, the R.O. Engineers will inspect the risk and the R.O. is empowered to sanction special rates.