

ZK - 24-25/v3

Machinery Loss of Profits Insurance Policy Wording (Commercial)

Whereas the Insured named in the Schedule hereto has made to the Zurich Kotak General Insurance Company (India) Limited. (hereinafter called 'the Company') a written proposal by completing a Proposal cum Questionnaire, which together with any other statements made in writing by the Insured for the purpose of this Policy is deemed to be incorporated herein.

Now this Policy witnesses that in consideration of the Insured having paid to the Company the premium mentioned in the Schedule and also subject to the Terms, Exclusions, Provisions, Definitions and Conditions contained herein or endorsed hereon.

The Company hereby agrees with the Insured that if at any time during the period of insurance stated in the Schedule, the business carried on by the Insured at the premises specified in the Schedule be interrupted or interfered with in consequence of an Accident which shall mean sudden and unforeseen physical damage, as defined in the Machinery Insurance/Boiler and Pressure Plant Insurance Policy of any machinery specified in the schedule of machinery then the Company shall in respect of each item in the Schedule indemnify the Insured against the amount of loss as hereinafter defined resulting from such interruption or interference.

PROVIDED THAT the liability of the Company during any one-year of Insurance shall in no case exceed in the whole the total Sum Insured hereby or such other sum or sums as may hereafter be substituted therefore by endorsement signed by or on behalf of the Company.

PROVIDED ALSO that at the time of happening of an Accident there shall be in force an insurance covering the machinery described in the Schedule from any accidental cause indemnifiable under the Standard Machinery Insurance Policy and or Boiler & Pressure Plant Insurance Policy and in respect of which liability shall have been admitted or would have been admitted but for the operation of any Excess there under.

PROVIDED ALWAYS that the due observance and fulfillment of the terms of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answer(s) in the proposal shall be conditions precedent to any liability of the Company.

EXCLUSIONS -

The Company shall not be liable for any loss resulting from interruption of or interference with the business directly or indirectly attributable to any of the following causes –

- i) Willful act or willful neglect or gross negligence of the Insured or his responsible representatives.
- ii) Loss or damage to machinery or other items which are not listed in the list of machinery insured even if the consequence of material damage to an item indicated in the list of machinery insured is involved.
- iii) Loss or damage caused by any faults or defects existing at the time of commencement of this insurance within the knowledge of the Insured or his responsible representatives whether such faults or defects were known to the Company or not.
- iv) Shortage, destruction, deterioration and spoilage of or damage to raw materials, semi finished or finished products or catalyst or operating media (such as fuel, lubricating oil, refrigerant, heating media and the like) even if the consequence of material damage to an item indicated in the list of machinery insured is involved.
- v) Any restrictions on reconstruction or operation imposed by any public authority.
- vi) An extension of the normal repair period for more than 4 weeks on account of -
 - a) the inability to secure or delays in securing replacement parts, machines or technical services.

- b) the inability to carry or delays in carrying out repairs.
 - c) the prohibition to operate the machinery due to import and/or export customs & other restrictions or by statutory regulations.
 - d) transport of parts to and from the Insured's premises.
- vii) Alterations improvements or overhauls being made while repairs or replacements of damaged or destroyed property are being carried out.
 - viii) Loss damage and/or liability caused by or arising from or in consequence directly or indirectly of -
 - a) War, Invasion, Act of foreign enemy, hostilities or War like operations (whether war be declared or not), Civil War, Rebellion, Revolution, Insurrection, Mutiny, Riot, Strike, Lockout and Malicious Damage, Civil Commotion, Military or usurped power, martial law, conspiracy, confiscation, commandeering a group of malicious person or persons acting on behalf of or in connection with any political organisation, requisition or destruction or damage by order of any government de jure or de facto or by any public. Municipal or Local Authority, an act of terrorism or the action of any lawfully constituted authority in suppressing or attempting to suppress or minimise the consequences thereof.
 - b) Nuclear reaction, nuclear radiation or radioactive contamination.

CONDITIONS -

- a) This Policy and the Schedule(s) shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Policy or of the Schedule(s) shall bear such meaning wherever it may appear.
- b) This Policy shall be avoidable in the event of misrepresentation, mis-description or nondisclosure in material particular.
- c) This Policy shall be avoided if,
 - i) the business be wound up or carried on by a Liquidator or Receiver or permanently discontinued OR
 - ii) the Insured's interest ceases otherwise than by death OR
 - iii) any alteration be made whereby the risk of an accident is increased OR
 - iv) the retention of standby or spare machinery or any other loss minimising factors in existence when this insurance was effected be reduced or discontinued unless its continuance is admitted by an endorsement signed by or on behalf of the Company
- d) The Insured shall at his own expense take all reasonable precautions and comply with all reasonable recommendations of the Company to prevent loss or damage and comply with statutory requirements and manufacturers' recommendations.
- e)
 - i) Representatives of the Company shall at any reasonable time have the right to inspect and examine the risk and the Insured shall provide the representatives of the Company with all details and information necessary for the assessment of the risk.
 - ii) The Insured shall immediately notify the Company in writing of any material change in the risk and cause at his own expense, such additional precautions to be taken as circumstances may require and the scope of cover and/or premium shall if necessary be adjusted accordingly.
 - iii) Dismantling and reassembling in connection with any examinations shall be carried out by the Insured on such

date or dates as the Company and the Insured mutually agree upon for the making of such examinations.

No material alteration shall be made or admitted by the Insured whereby the risk is increased, unless the continuance of the cover provided under this Policy is confirmed in writing by the Company.

- f) The Insured shall be obliged to keep complete records. All records e.g. inventories, production and balance sheets for the three preceding years shall be held in safe keeping or as a precaution against their being simultaneously destroyed the Insured shall keep separate sets of such records.
- g) In the event of any occurrence, which gives rise to or is likely to give rise to a claim under this Policy the Insured shall -
- i) Forthwith give notice thereof to the Company
 - ii) do and concur in doing and permit to be done all such things as may be reasonably practicable to minimize or establish the extent of any interruption of or interference with the business or to avoid or diminish the loss resulting therefrom.
 - iii) as far as may be reasonably practicable without causing any increase in the period of interruption or interference take precautions to preserve any things which might prove necessary or useful by way of evidence in connection with any claim
 - iv) discontinue the use of any damaged machinery unless the Company authorize otherwise and the Company shall not be liable in respect of any further interruption or interference arising out of the continued use of any damaged machinery without their having given their consent to such use until said machinery has been repaired to the satisfaction of the insurers
 - v) in the event of a claim being made under this Policy not later than thirty days after the expiry of the indemnity period or within such further time as the Company may allow in writing at his own expense deliver to the Company a written statement setting forth particulars of his claim together with details of all other policies covering the accident or any part of it or consequential loss of any kind resulting therefrom and the Insured shall at his own expense also produce and furnish to the Company such books of accounts and other business books e.g. invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by the Company for the purpose of investigating or verifying the claim together with if required – a statutory declaration of the truth of the claim and of any matters connected therewith.

No claim under this Policy shall be payable unless the terms of this condition have been complied with and in the event of non-compliance therewith in any respect any payment already made on account of the claims shall be repaid to the Company forthwith.

- h) In the event of an accident to any insured machinery likely to give rise to a claim under this Policy, the Company shall have the right to take over and control all necessary repairs or replacements.
- i) 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 or remedies or 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 are or become necessary or required before or after his indemnification by the Company
- j) 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 this Policy or if the Accident be occasioned by the willful act or with the connivance of the Insured or if the claim be made and rejected and an action or suit be not commenced within three months after such rejection or in case of an arbitration taking place as provided hereunder within three months of this Policy after the Arbitrator or Arbitrators or Umpire shall have made their award, all benefit under this Policy shall be forfeited.
- k) If at the time of any accident resulting in a loss under this Policy there be any other insurance covering the same loss or damage, the Company shall not be liable to pay more than its rateable proportion of the loss.

- l) This insurance may be terminated at the request of the Insured in which case the Company will retain the 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 7 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 cancellation less any reasonable inspection charges the Company may have incurred.

m) Midterm increase in Sum Insured -

'If the Sum Insured is increased during the currency of the Policy -

- i) Short period scale of rate shall apply to the increased amount.
- ii) If the Policy is renewed thereafter for twelve months, for an amount not less than the increased total sum insured, the difference of premium between the short period scale of rates and pro-rata rate, may be refunded, or a new policy for the full increased sum insured, may be issued, at the tariff rate (annual or short period, as required) canceling the old insurance and allowing a pro-rata refund for the unexpired period of the cancelled policy'.

- n) **Departmental Clause** – Applicable when business has separate sections or departments, each earning a different rate of gross profit.

If the business be conducted in departments, the independent trading results of which are ascertainable, the provision of clauses (a) & (b) of item 1 of the specification shall apply separately to each department affected by the damage; provided that if the sum insured by the said item be less than the aggregate of the sum produced by applying the rate of gross profit provided for each department of the business (whether affected by the accident or not) to the relative annual output thereof, the amount payable shall be proportionately reduced.

- o) **Arbitration:** The parties to the contract may mutually agree and enter into a separate Arbitration Agreement to settle any and all disputes in relation to this policy.

Arbitration shall be conducted under and in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

Note: The above Arbitration Clause is not applicable to retail/ individual policyholders.

- p) In no case whatever shall the Company be liable in respect of any claim under this Policy after the expiry of -
- i) One year from the end of the indemnity period or if later
 - ii) Three months from the date on which payment shall have been made or liability admitted by the Company covering the Accident giving rise to the said claim unless the claim is the subject of pending action or Arbitration
- q) Every notice and other communication required by these conditions must be written or printed.

GRIEVANCES

For resolution of any query or grievance, Insured may contact the respective branch office of the Company or may call toll free number 1800 266 4545 or may write an e-mail at care@zurichkotak.com.

In case the Insured is not satisfied with the response, Insured may contact the Grievance Officer of the Company at grievanceofficer@zurichkotak.com. In case if the Insured is not satisfied with the solution the Grievance Officer has provided, Insured can write to seniorgrievanceofficer@zurichkotak.com/chiefgrievanceofficer@zurichkotak.com.

However, if the resolution provided by us is not satisfactory you may approach Insurance Regulatory and Development Authority of India (IRDAI) through the Bima Bharosa Portal: <https://bimabharosa.irdai.gov.in>.

You may also approach Insurance Ombudsman, subject to vested jurisdiction, for the redressal of grievance. The details of the Insurance Ombudsman is available at Annexure I.

The details of the Insurance Ombudsman/ complete Grievance Redressal Process is also available at Company's website: www.zurichkotak.com

The updated details of Insurance Ombudsman offices are also

available on the website of Council for Insurance Ombudsmen
www.cioins.co.in/Ombudsman

Sanction and Embargo Clause (Sanctions Limitation & Exclusion Clause - LMA 3100 amended):

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, Switzerland or United States of America.

SPECIFICATION A – INSURANCE ON GROSS PROFIT ON OUTPUT BASIS

Item No.	Sum Insured
On Gross Profit	Rs.

The cover provided under this Policy shall be limited to loss of gross profit due to (a) reduction in output and (b) increase in cost of working and the amount payable as indemnity thereunder shall be

- In respect of Reduction in output: the sum produced by applying the rate of gross profit to the amount by which the output during the indemnity period shall in consequence of the damage fall short of the standard output.
- In respect of Increase in Cost of Working; the additional expenditure (subject to provision of memos) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in output which but for that expenditure would have taken place during the indemnity period in consequence of the 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 Insured standing charges as may cease or be reduced in consequence of the 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 output, the amount payable shall be proportionately reduced.

DEFINITIONS -

1. GROSS PROFIT –

The sum produced by adding to the Net Profit the amount of the Insured standing charges or if there be no Net Profit, the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the business.

2. NET PROFIT -

The Net Trading Profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the Premises after due provision has been made for all Standing and Other Charges including depreciation but before the deduction of any taxation chargeable on profits.

3. OUTPUT -

The quantity of _____ produced at the premises, measured in units of _____

4. INDEMNITY PERIOD AND TIME EXCESS -

The Period not exceeding the indemnity period limit stated in the list of machinery and plant insured commencing with the occurrence of the accident during which the results of the business are affected in consequence of such accident provided always that the insurers are not liable for the amount equivalent to the rate of gross profit applied to the standard output during the period of time excess (in terms of _____ days) stated in the policy.

5. RATE OF GROSS OUTPUT –

(a) Rate of Gross Profit: Rate of Gross Profit per unit earned on the output during the financial year immediately before the date of damage.	To which such adjustments shall be made as may be necessary to provide for the trend of business and for variations in or special business circumstances affecting the business either before or after the damage or which would have
(b) Standard Output:	

Output during that period in 12 months immediately before the date of damage which correspond to indemnity period.	affected the business had damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable. The results which but for the damage would have been obtained during the relative period after the accident.
(c) Annual Output: The output during 12 months immediately before the date of damage.	

PROVISIONS –

1. 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.

2. MEMO 2 - RELATIVE IMPORTANCE –

The term relative importance referred to in the list of machinery and plant insured shall be the percentage effect which a breakdown of a particular machine will have on the total gross profit, disregarding any loss minimizing measures.

If in the event of an accident affecting an insured item of machinery, the percentage of relative importance stated in the list of machinery and plant insured for this item is lower than the actual percentage of relative importance subsequently arrived at for the period of interruption, the Company shall only be liable to indemnify the proportion which the percentage of relative importance stated in the list of machinery and plant insured bears to the actual percentage.

3. MEMO 3 – RETURN OF PREMIUM –

If the Insured declares at the latest twelve 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 as certified by the Insured's auditors was less than the sum insured thereon, a pro-rata return of premium not exceeding one half of the premium paid on such sum insured for such period of Insurance shall be made in respect of the difference.

If any accident has occurred giving rise to a claim under this Policy, the amount of such claim shall be added to the revised Gross Profit as certified by the Insured's Auditors before calculating the proportion of return of premium.

4. MEMO 4 - OVERHAULS –

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

5. MEMO 5 – REINSTATEMENT OF SUM INSURED –

For the period following the occurrence of an accident up to the end of the Policy period, the sum insured shall be reinstated by payment of an additional premium on a pro-rata basis. Such additional premium shall be adjusted against the net claim amount payable and such premium shall be calculated for that part of the sum insured, which corresponds to the indemnity, paid. The agreed sum insured shall remain unaltered.

SPECIFICATION B - INSURANCE ON GROSS PROFIT ON TURNOVER BASIS

Item No.	Sum Insured
1. Net Profit	
2. Standing Charges	
Total Sum Insured (Gross Profit)	Rs.

The insurance under Item No. 1 is 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 thereunder shall be: -

- 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, in consequence of the Damage, fall short of the Standard Turnover.
- IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of Memo 2) 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 the 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 Insured Standing Charges as may cease or be reduced in consequence of the 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, the amount payable shall be proportionately reduced.

Departmental Clause:

“If the Business be conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of Item 1 shall apply separately to each department affected by the Damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the Rate of Gross Profit for each department of the Business (whether affected by the Damage or not) to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.”

Definitions

GROSS PROFIT – The sum produced by adding to the Net Profit the amount of the Insured Standing charges, or if there be no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the Business.

NET PROFIT – The net trading profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the Business of the Insured at the premises after due provision has been made for all Standing and other charges including depreciation, but before the deduction of any taxation chargeable on profits.

INSURED STANDING CHARGES – Per listing of Charges stated in the Schedule to the Policy

TURNOVER – The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the premises.

INDEMNITY PERIOD – The period beginning with the occurrence of the Damage and ending not later than ____months thereafter during which the results of the Business shall be affected in consequence of the Damage.

RATE OF GROSS PROFIT – The Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the damage.	To which such adjustments shall be made as may be necessary to provide for the trend of the Business and for variations in or special circumstances affecting the business either before or after the Damage or which would have affected the Business had the Damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the Damage, would have been obtained during the relative period after the Damage.
ANNUAL TURNOVER – The Turnover during the twelve months immediately before the date of the Damage.	
STANDARD TURNOVER – The Turnover during that period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period.	

Memo 1. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the Business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2. If any Standing Charges of the Business be not insured by this Policy then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the sum of the Net Profit and the

Insured Standing Charges bears to the sum of the Net Profit and all the Standing Charges.

Memo 3. If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, that the Gross Profit earned (or a proportionately increased multiple thereof where the maximum Indemnity Period exceeds 12 months) during the accounting period of 12 months most nearly concurrent with any Period of Insurance, as certified by the Insured's Auditors, was less than the Sum Insured thereon, a pro-rata return of Premium not exceeding 50% of the Premium paid on such Sum Insured for such Period of Insurance shall be made in respect of the difference. Where, however, the declaration is not received by the Company within twelve months after the expiry of the Period of Insurance, no refund shall be admissible.

If any Damage has occurred giving rise to a claim under this Policy, such return shall be made in respect only of said difference as is not due to the Damage.

SPECIFICATION C – “DIFFERENCE” BASIS

Item No.	Sum Insured
1. On gross profit	Rs. _____

The insurance under Item No. 1 is 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 thereunder 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, in consequence of the Damage, fall short of the Standard Turnover,
- 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 the 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 the 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, the amount payable shall be proportionately reduced.

* Insert the appropriate multiple if the Indemnity Period exceeds 12 months.

Departmental Clause:

If the business be conducted in departments, the independent trading results of which are ascertainable, the provision of Clauses (a) and (b) of Item I shall apply separately to each department affected by the damage except that if the Sum Insured by the said item be less than the aggregate of the sum produced by applying the rate of gross profit for each department of the business (whether affected by the damage or not) to the relative Annual Turnover thereof, the amount payable shall be proportionately reduced.

Definitions

GROSS PROFIT – the amount by which

- 1) The sum of the Turnover and the amount of the Closing Stock shall exceed.
- 2) The sum of the amount of the Opening Stock and the amount of the Specified Working Expenses.

Note (i) The amount of the Opening and Closing stocks shall be arrived at in accordance with Insured's normal accountancy methods, due provisions being made for depreciation.

Specified Working Expenses: -

- 1. All Purchases (less discounts received);
- 2. % of the Annual Wage Roll (including Holiday and Insurance

- contributions);
- 3. Power
- 4. Consumable Stores;
- 5. Carriage;
- 6. Packing Materials;
- 7. Bad Debts;
- 8. Discounts allowed;
- 9. Any other expenses to be specified.

Note (ii) The words and expressions used in this definition shall have the meaning usually attached to them in the books and accounts of the Insured.

TURNOVER – the money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the business at the premises.

INDEMNITY PERIOD – The period beginning with the occurrence of the damage and ending not later than _____ months thereafter during which the results of the business shall be affected in consequence of the damage.

RATE OF GROSS PROFIT – The rate of Gross Profit earned on the turnover during the financial year immediately before the date of the damage.	To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the damage, would have been obtained during the relative period after the damage.
ANNUAL TURNOVER – The Turnover during the twelve months immediately before the date of the damage	
STANDARD TURNOVER – The Turnover during the period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period.	

Memo 1. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2. If the Insured declares, at the latest twelve months after the expiry of any Period of Insurance, that the Gross Profit earned (or a proportionately increased multiple thereof where the maximum Indemnity Period exceeds 12 months) during the accounting period of 12 months most nearly concurrent with any period of Insurance, as certified by the Insured's Auditors, was less than the Sum Insured thereon, a pro-rata return of premium not exceeding 50% of the premium paid on such Sum Insured for such period of Insurance shall be made in respect of the difference. Where, however, the declaration is not received by the Company within twelve months after the expiry of the period of insurance, no refund shall be admissible.

If any damage has occurred giving rise to a claim under this policy, such return shall be made in respect only of said difference as is not due to the damage.

SPECIFICATION C1 – REVENUE BASIS

Specification referred to in Policy No. _____ As per Schedule issued by the Company in the name of _____ and forming an integral part of that policy.

Item No.	Sum Insured
1. on Gross Revenue	

The Insurance under Item 1 is limited to (a) loss of Gross Revenue and (b) Increase in Cost of Working and the amount payable as indemnity thereunder shall be: -

- a) IN RESPECT OF LOSS OF GROSS REVENUE: the amount by which the Gross Revenue earned during the Indemnity Period shall, in consequence of the damage, fall short of the Standard Gross revenue.

- b) IN RESPECT OF INCREASE IN COST OF WORKING: the additional expenditure (subject to the provisions of Memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross revenue which but for that expenditure would have taken place during the indemnity period in consequence of the damage but not exceeding the amount of the reduction in gross revenue thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the working expenses and standing charges of the business as may cease or be reduced in consequence of the damages.

Provided that if the Sum Insured by this Item be less than * the Annual Gross Revenue, the amount payable under this shall be proportionately reduced.

Definitions

Gross Revenue:

The money paid or payable to the insured for * * in course of the business at the premises.

Indemnity Period:

The period beginning with the occurrence of the damage and ending not later than _____ Months thereafter during which the results of the business shall be affected in consequence of the damage.

STANDARD GROSS REVENUE – The Gross Revenue during the period in the twelve months immediately before the date of the damage which corresponds with the Indemnity Period	To which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.
ANNUAL GROSS REVENUE – The Gross Revenue earned during the Period in the twelve months immediately before the date of the damage.	

*Here is inserted the appropriate multiple if the Indemnity period exceeds 12 months.

** Here is inserted an agreed description such as “work done and services rendered” or “entertainment provided” and, if necessary, a qualifying exclusion such as “excluding the cost of drink and food supplied.”

Memo 1: If during the Indemnity Period work shall be done or services rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on insured's behalf the money paid or payable in respect of such work of services shall be brought into account in arriving at the Gross Revenue during the Indemnity Period.

Memo 2: In the event of * the Gross Revenue earned during the accounting period of twelve months most nearly concurrent with any period of insurance as certified by the Insured's Auditors being less than the Sum Insured thereon, a pro-rata return of premium not exceeding 50 percent of the premium paid on such sum insured for such period of insurance will be made in respect of the difference provided the Insured's declarations is received within twelve months of the expiry of the policy. If any damage shall have occurred, giving rise to a claim under the policy, such return shall be made in respect only of so much of the said difference as is not due to such damage.

Note: The words “Gross Revenue”, wherever they occur, may be altered to Revenue, Gross Income, Commission, Gross Fees, Royalties or similar term to suit the nature of the income of an insured's business.

* Here is inserted the appropriate multiple if the Indemnity Period exceeds 12 months.

SPECIFICATION D (I) – WAGES

i) Dual Basis

The Insurance under item _____ is limited to loss in respect of

“Wages” and the amount payable as indemnity thereunder shall be

a) In Respect of Reduction in Turnover

- i. During the portion of the Indemnity Period beginning with the occurrence of the damage and ending not later than _____ weeks thereafter the sum produced by applying the Rate of Wages to the Shortage in Turnover/ Output during the said portion in the Indemnity Period.

Less any saving during the said portion of the Indemnity Period through reduction in consequence of the damage in the amount of Wages paid

- ii. During the remaining portion of the Indemnity Period the sum produced by applying the Rate of Wages to the Shortage in Turnover/ Output during the said remaining portion of the Indemnity Period.

Less any saving during the said remaining portion of the Indemnity Period through reduction in consequence of the damage in the amount of Wages Paid but not exceeding the sum produced by applying _____ Percent of the Rate of Wages to the Shortage in Turnover/ Output during the said remaining portion of the Indemnity Period, increased by such amount as is deducted for saving under the terms of Clause (i) (OPTION TO CONSOLIDATE – at the option of the insured, the number of weeks referred to in clause (a) (i) above may be increased to ____ x ____ provided that the amount arrived at under the provisions of clause (a) (ii) shall not exceed such amount as is deducted under clause (a) (i) for savings effected during the said increased number of weeks.

x - here insert the equivalent numbers of weeks ascertained from the conversion table provided in Section II – Rule 3 A)

- b) In Respect of Increase in Cost of Working so much of the additional expenditure described in Clause (b) of Item 1 as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of Reduction in Turnover/ Output under the Provisions of Clause (a) (i) and (ii) of this item had such expenditure not been incurred.

Provided that if the sum insured by this item be less than the sum produced by applying the Rate of Wages to (insert the appropriate multiple if the Indemnity Period exceeds 12 months. E.g. where the indemnity period is eighteen months insert one and a half times) the Annual Turnover/ output, the Amount payable under this shall be proportionately reduced.

Definitions

WAGES – Total Wages of all employees other than those whose wages are insured as standing charge.

Note: - The above definition may be altered to suit the requirements of individual clients.

RATE OF WAGES – The Rate of Wages to Turnover/ Output during the financial year immediately before the date of the damage to which such adjustments shall be made as may be necessary to provide for the trend of the business and for variations in or special circumstances affecting the business either before or after the damage or which would have affected the business had the damage not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the damage would have been obtained during the relative period after the damage.

SHORTAGE IN TURNOVER/ OUTPUT – The amount by which the Turnover/ Output during a period shall in consequence of the damage fall short of the part of the Standard Turnover/ Output which relates to that period.

SPECIFICATION D (II) – WAGES

ii) Pro Rata Basis

The insurance under Item No. _____ on _____ weeks Wages on sum insured Rs. _____ is limited to the loss incurred by the Insured by the payment of Wages for a period beginning with the occurrence of the damage and ending not later than _____ weeks thereafter.

The amount payable as indemnity under this item shall be the actual amount which the Insured shall pay as Wages for such period to employees whose services cannot in consequence of the damage be utilized by the Insured at all and an equitable part + (based upon shortage of production) of the Wages paid for such period to employees whose service cannot in consequence of the damage be utilized by the Insured to the full;

Provided that if the sum insured by this item shall be less than the aggregate amount of the Wages that would have been paid during the _____ weeks immediately following the damage, had the damage not occurred, the amount payable shall be proportionately reduced.

For the purpose of this item the term Wages shall mean * _____ +. It is permissible to omit the words in brackets or to substitute for 'production' some other index of activity.

* Here insert a precise definition of the scope to which the insurance of Wages (which may, if desired, expressly include Bonuses, Holiday Pay and the like) is to apply e.g.

the Wages of all Employees the Wages of a specified category or categories of Employees	the wages of all Employees who are normally paid on a weekly basis(Add, if any wages are insured as a standing charge other than whose Wages are insured as a Standing Charge under Item No. _____)
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ANNEXURE I
Details of Insurance Ombudsman

Office Details	Jurisdiction of Office Union Territory, District
Ahmedabad: Office of the Insurance Ombudsman, Jeevan Prakash Building, 6th floor, Tilak Marg, Relief Road, AHMEDABAD – 380 001. Tel.: 079 - 25501201/02/05/06 Email: bimalokpal.ahmedabad@cioins.co.in	Gujarat, Dadra & Nagar Haveli, Daman and Diu.
Bengaluru: Office of the Insurance Ombudsman, Jeevan Soudha Building, PID No. 57-27- N-19, Ground Floor, 19/19, 24th Main Road, JP Nagar, Ist Phase, Bengaluru – 560 078.Tel.: 080 - 26652048 / 26652049 Email: bimalokpal.bengaluru@cioins.co.in	Karnataka.
Bhopal: Office of the Insurance Ombudsman, Janak Vihar Complex, 2nd Floor, 6, Malviya Nagar, Opp. Airtel Office, Near New Market, Bhopal – 462 003. Tel.: 0755 - 2769201 / 2769202 Email: bimalokpal.bhopal@cioins.co.in	Madhya Pradesh and Chattisgarh.
Bhubneshwar: Office of the Insurance Ombudsman, 62, Forest park, Bhubaneswar – 751 009. Tel.: 0674 - 2596461 /2596455 Email: bimalokpal.bhubaneswar@cioins.co.in	Orissa.
Chandigarh: Office of the Insurance Ombudsman, S.C.O. No. 101, 102 & 103, 2nd Floor, Batra Building, Sector 17 – D, Chandigarh – 160 017. Tel.: 0172 - 2706196 / 2706468 Email: bimalokpal.chandigarh@cioins.co.in	Punjab, Haryana (excluding Gurugram, Faridabad, Sonapat and Bahadurgarh), Himachal Pradesh, Union Territories of Jammu & Kashmir, Ladakh & Chandigarh.
Chennai: Office of the Insurance Ombudsman, Fatima Akhtar Court, 4th Floor, 453, Anna Salai, Teynampet, CHENNAI – 600 018. Tel.: 044 - 24333668 / 24335284 Email: bimalokpal.chennai@cioins.co.in	Tamil Nadu, Puducherry Town and Karaikal (which are part of Puducherry).
Delhi: Office of the Insurance Ombudsman, 2/2 A, Universal Insurance Building, Asaf Ali Road, New Delhi – 110 002. Tel.: 011 - 23232481/23213504 Email: bimalokpal.delhi@cioins.co.in	Delhi & following Districts of Haryana - Gurugram, Faridabad, Sonapat & Bahadurgarh.
Guwahati: Office of the Insurance Ombudsman, Jeevan Nivesh, 5th Floor, Nr. Panbazar over bridge, S.S. Road, Guwahati – 781001(ASSAM). Tel.: 0361 - 2632204 / 2602205 Email: bimalokpal.guwahati@cioins.co.in	Assam, Meghalaya, Manipur, Mizoram, Arunachal Pradesh, Nagaland and Tripura.
Hyderabad: Office of the Insurance Ombudsman, 6-2-46, 1st floor, "Moin Court", Lane Opp. Saleem Function Palace, A. C. Guards, Lakdi-Ka-Pool, Hyderabad - 500 004. Tel.: 040 - 23312122 Email: bimalokpal.hyderabad@cioins.co.in	Andhra Pradesh, Telangana, Yanam and part of Union Territory of Puducherry.
Jaipur: Office of the Insurance Ombudsman, Jeevan Nidhi – II Bldg., Gr. Floor, Bhawani Singh Marg, Jaipur - 302 005.Tel.: 0141 - 2740363 Email: bimalokpal.jaipur@cioins.co.in	Rajasthan.
Ernakulam: Office of the Insurance Ombudsman, 2nd Floor, Pulinat Bldg., Opp. Cochin Shipyard, M. G. Road, Ernakulam - 682 015. Tel.: 0484 - 2358759 / 2359338 Email: bimalokpal.ernakulam@cioins.co.in	Kerala, Lakshadweep, Mahe-a part of Union Territory of Puducherry.
Kolkata: Office of the Insurance Ombudsman, Hindustan Bldg. Annexe, 4th Floor, 4, C.R. Avenue, KOLKATA - 700 072. Tel.: 033 - 22124339 / 22124340 Email: bimalokpal.kolkata@cioins.co.in	West Bengal, Sikkim, Andaman & Nicobar Islands.
Lucknow: Office of the Insurance Ombudsman, 6th Floor, Jeevan Bhawan, Phase-II, Nawal Kishore Road, Hazratganj, Lucknow - 226 001. Tel.: 0522 - 2231330 / 2231331 Email: bimalokpal.lucknow@cioins.co.in	Districts of Uttar Pradesh: Lalitpur, Jhansi, Mahoba, Hamirpur, Banda, Chitrakoot, Allahabad, Mirzapur, Sonbhadra, Fatehpur, Pratapgarh, Jaunpur, Varanasi, Gazipur, Jalaun, Kanpur, Lucknow, Unnao, Sitapur, Lakhimpur, Bahraich, Barabanki, Raebareli, Sravasti, Gonda, Faizabad, Amethi, Kaushambi, Balrampur, Basti, Ambedkarnagar, Sultanpur, Maharajgang, Santkabirnagar, Azamgarh, Kushinagar, Gorkhpur, Deoria, Mau, Ghazipur, Chandauli, Ballia, Sidharathnagar.
Mumbai: Office of the Insurance Ombudsman, 3rd Floor, Jeevan Seva Annexe, S. V. Road, Santacruz (W), Mumbai - 400 054. Tel.: 69038821/23/24/25/26/27/28/28/29/30/31 Email: bimalokpal.mumbai@cioins.co.in	Goa, Mumbai Metropolitan Region (excluding Navi Mumbai & Thane).

<p>Noida: Office of the Insurance Ombudsman, Bhagwan Sahai Palace 4th Floor, Main Road, Naya Bans, Sector 15, Distt: Gautam Buddh Nagar, U.P-201301. Tel.: 0120-2514252 / 2514253 Email: bimalokpal.noida@cioins.co.in</p>	<p>State of Uttarakhand and the following Districts of Uttar Pradesh: Agra, Aligarh, Bagpat, Bareilly, Bijnor, Budaun, Bulandshehar, Etah, Kannauj, Mainpuri, Mathura, Meerut, Moradabad, Muzaffarnagar, Oraiyya, Pilibhit, Etawah, Farrukhabad, Firozbad, Gautam Buddh nagar, Ghaziabad, Hardoi, Shahjahanpur, Hapur, Shamli, Rampur, Kashganj, Sambhal, Amroha, Hathras, Kanshiramnagar, Saharanpur.</p>
<p>Patna: Office of the Insurance Ombudsman, 2nd Floor, Lalit Bhawan, Bailey Road, Patna 800 001. Tel.: 0612-2547068 Email: bimalokpal.patna@cioins.co.in</p>	<p>Bihar and Jharkhand.</p>
<p>Pune: Office of the Insurance Ombudsman, Jeevan Darshan Bldg., 3rd Floor, C.T.S. No.s. 195 to 198, N.C. Kelkar Road, Narayan Peth, Pune – 411 030. Tel.: 020-41312555 Email: bimalokpal.pune@cioins.co.in</p>	<p>Maharashtra, Areas of Navi Mumbai and Thane (excluding Mumbai Metropolitan Region).</p>

Endorsement Wordings

1. Time Excess Clause

It is hereby declared and agreed that the Insured shall bear the amount of loss as computed hereunder, of each and every admissible claim under the policy -

- i) In respect of a policy insuring reduction in turnover, the amount equivalent to the rates of Gross Profit applied to the Standard Turnover for _____days (insert no. of days excess opted).

- ii) In respect of a policy insuring reduction in output, the amount equivalent to the rate of Gross Profit applied to the Standard Output for _____days (insert no. of days excess opted).

First of all loss amount should be calculated and from this assessment of indemnity, monetary value of the loss for the no. of days excess opted should be deducted.