

**PROSPECTUS  
(Commercial)**

**CONSEQUENTIAL LOSS (FIRE) INSURANCE**

**Introduction:**

This Policy offers compensation against Loss of Profit following damage caused by Fire and Allied perils to insured property. Generally, when there is a damage to property due any perils such as Fire, Lightning, Storm, Flood, Riot etc, it does affect the production activity or business activity for some time consequent to which the Turnover or Revenue or Output gets affected. Thus, the reduction or loss of Gross Profit caused following reduction in turnover/output/revenue is covered under this policy.

This policy can be taken by all types of manufacturing establishments, business establishments including services rendering establishments which generate revenues. However, it is essential for the customer to be having a Standard Fire and Special Peril policy covering damage to their physical property.

**Scope of the Policy:**

The policy indemnifies for Loss of Gross Profit suffered by insured customer following operation of insured peril. For the claim to be paid under this policy, there should be an admissible claim under the Material Damage Policy covering the property. The Standard Fire and Special Perils Policy covers damage to property due to perils such as fire, lightning, explosion, implosion, aircraft damage, impact damage, riot strike & malicious damage, storm, tempest, flood, inundation, cyclone, typhoon, hurricane, tornado, subsidence and landslide including rockslide, etc.

If there is a claim admissible under this policy for the property damage then, the claim under Consequential Loss (Fire) Insurance is also triggered for loss of Gross Profit from reduction in turnover or output or revenue.

**Policy Period:**

The Policy is issued for annual basis. However, the Indemnity Period meaning the period during which the turnover/output/revenue gets affected resulting in loss of Gross Profit can be as per the Customer's choice. This can be opted for any period between 3 months to 3 years.

**Sum Insured:**

The sum insured here should represent amount equal to estimated loss of Gross profit during the Indemnity Period opted.

**Main Exclusion under the Policy:**

The Consequential Loss (Fire) Insurance Policy is subject to Conditions and Exclusions contained in the Fire Policy covering the interest of the Insured in the property at the premises.

The claim under this policy is not payable if the claim for property damage is not payable. However, if the claim under the property damage is not being paid only for the reason that, the assessed loss is less than deductible/excess, (property claim otherwise being admissible) the claim for Loss of Profit will be considered.

**Other Exclusions:**

- This insurance does not cover any loss resulting from damage occasioned by or through or in consequence, directly or indirectly, 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 proportion of or amounting to a popular-rising, military rising, insurrection, rebellion, revolution, military or usurped power.

For complete list of exclusions, refer the Policy Schedule/Wording

**General Conditions applicable:**

- The insurance by this Policy shall cease if, the business be wound up or carried on by a Liquidator or Receiver or permanently discontinued, or the insured's interest ceases otherwise than by death or any alteration be made either in the business or in the premises or property therein whereby the risk of Damage is increased, at any time after the commencement of this insurance, unless its continuance be admitted by memorandum signed by or on behalf of the Company.
- Notice shall be given to the Company of alteration in existing blocks, addition of new blocks and/or premises and/or deletion of existing blocks and/or premises during the currency of the Policy to enable the company to determine whether the basis rate of the Policy undergoes a change as a result of such inclusions/exclusions and to effect necessary adjustments in the premium under this Policy.
- On the happening of any Damage in consequence of which a claim is or may be made under this Policy,
  - The insured shall give forthwith notice thereof to the Company
  - The insured shall with due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimize or check any interruption of or interference with the business or to avoid or diminish the loss
  - Not later than thirty days after the expiry of the period of Indemnity or within such further time as the Company may in writing allow, at his own expense deliver to the Company in writing a statement setting forth particulars of his claim together with details of all other insurances (if any) covering the damage or any part of it or consequential loss of any kind resulting therefrom.
  - At his own expense produce or procure and give to the Company such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as may reasonably be required by or on behalf of the Company for the purpose of investigating or verifying the claim together with a declaration on oath or in other legal form 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 on account of the claim already made shall be repaid to the Company forthwith.

- In no case whatsoever shall the Company be liable in respect of any claim under this Policy after the expiration of One year from the end of the period of indemnity or if later, or Three months from the date on which payment shall have been made or liability admitted by the Insurers covering the Damage giving rise to the said claim, unless the claim is the subject of pending action or Arbitration.

**Extensions:**

**1. Extension to cover Consequential Loss due to other Add-On Covers:**

Add-On covers such as Earthquake may be included in the Policy by way of an endorsement

**2. Spoilage Consequential Loss Cover:**

Loss of Profits as a result of spoilage may be covered as an additional item by extending the Consequential Loss (Fire) Insurance Policy subject

**3. Insured property stored at other situations:**

On payment of additional premium, loss of the insured items of this policy, resulting from interruption of/ or interference with the business in consequence of damage (as within defined) to property at the under noted situation shall be deemed to be loss resulting from damage to property used by the insured at the premises:

- (a) Property of the Insured Stored
- (b) Suppliers' Premises
- (c) Premises where a Contract is being carried out:
- (d) Professional Insured

**4. Extension to cover loss due to accidental failure of public electricity/gas/water supply/ Electricity Station, Gas Works and Water Works**

Extension may be given for Consequential Loss arising out of failure of electricity/gas/water supply for only such perils as are covered under Fire Policy subject to payment of additional premium

**5. Extension to Cover Suppliers' Premises**

Consequential Loss (Fire) Policy may be extended to Suppliers' Premises. The indemnity period under the Suppliers extension shall be identical to that under the main Policy.

**6. Extension to Cover Customers' Premises:**

Consequential Loss (Fire) Policy may be extended to Customers' Premises. The indemnity period under the Customers extension shall be identical to that under the main Policy.

**7. Prevention of Access**

This covers the loss caused by prevention of access to Insured's premises due to Insured perils causing damage or destruction to the property belonging to the Insured or property within a defined radius from the Insured premises

**8. Additional Increase In Cost Of Working**

The costs and expenses necessarily and reasonably incurred during the indemnity period in consequence of the 'Damage' and not otherwise payable under Loss of Gross Profit Provision (increase in cost of working) for the purposes of maintaining the business will be covered.

**9. Group Interdependency**

This extension will cover the loss resulting from interruption of the business in consequence of loss or damage to property whether or not insured by Material Damage Section and situated at any other named premises in territorial limits owned and/or occupied and/or used by the Insured for the purpose of the business insured or any other business

**10. Molten Metal Spillage Cover**

The policy extends to cover physical loss or damage to property excluding cost of molten material serving business operations that arises without the occurrence of fire as a result of the spillage or leakage of glowing molten material from container or lines

#### **11. Professional Accountants**

This will cover the reasonable charges payable by The Insured to their professional accountants for producing such particulars or details or any other proofs, information or evidence as may be required by The Insurer and reporting that such particulars or details are in accordance with The Insured's books of account or other business books or documents

#### **12. Claims Preparation Cost**

Under this, subject to prior approval from the Insurer, the expenses incurred in preparing detailed bill, estimate, and Proforma invoice or for obtaining documents in support of cause of claim or quantum of the claim, is paid for.

#### **13. Ingress/Egress**

This covers the loss caused by prevention of access to Insured's premises due to Insured perils causing damage or destruction to the property within a defined radius from the Insured premises

#### **14. Denial of Access**

This covers the loss caused by denial of access to Insured's premises due to either Insured perils causing damage or destruction to the property belonging to the Insured or property within a defined from the Insured premises or any action by Police Authority.

#### **15. Terrorism Damage Cover Endorsement**

Terrorism cover can be provided by way of this endorsement.

#### **16. Auditor's Fees**

This Clause covers the reasonable charges payable by the Insured to their Auditors for producing and certifying any particulars or details contained in the Insured's books of account or other business books or documents or such other proofs, information or evidence as may be required by the Company, for the purpose of investigating a claim is paid for.

#### **17. Voluntary Deductible Clause:**

"It is hereby declared and agreed that insured having opted to 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 rate of Gross Profit applied to the Standard Turnover for ..... Days.
- 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.

#### **18. Accumulated Stock Clause**

Where the insured maintains sufficient stock of finished goods from time to time as a matter of business policy, the Insurers may, at their discretion, attach the following Clause to the Consequential Loss (Fire) Policy issued on Turnover Basis:- "In adjusting any loss, account shall be taken and an equitable allowance made if any shortage in turnover due to the damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of finished goods in the Insured's warehouses."

#### **19. Agreed Bank Clause**

All policies in which a Bank/Financial Institution has interest shall be issued in the name of Bank/Financial Institution and owner or mortgagor and shall contain a suitable clause to protect their interest.

**Deductible/ Excess:**

- 7 days Gross Profit in case of Other than Petro chemical risks
- 14 days Gross Profit in case of Petrol chemical risks.

**Basis of Indemnity/Payment of Claim:**

In the event of claim arising out of peril not excluded, the claim will be paid as under:

Claim will be paid under this, after working out actual Gross Profit lost due to reduction in turnover/output/revenue as opted and Increase in Cost of working. The reduction in Turnover is calculated by deducting the Actual Turnover from the Standard Turnover which would have been achieved during the indemnity period if the peril had not operated resulting in loss. The reduction in output or revenue is also ascertained on same basis. The expected Gross Profit Percentage is applied on such reduction in Turnover or Output or Revenue.

**Obligations of Insured**

- To disclose all information correctly sought by the insurer at time of filling the proposal form
- In case of any change / modification / addition to the already declared information the same shall be brought to the notice of the insurer immediately
- Non-disclosure of material information may affect the claim settlement.
- Disclosure of other material information during the policy period.

Material Information for the purpose of this policy shall mean all the necessary and relevant information sought by the company in the proposal form and other connected documents to be read in conjunction with Policy Schedule and Policy Wordings.

**Grievance:**

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](mailto: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](mailto: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](mailto:seniorgrievanceofficer@zurichkotak.com) / [chiefgrievanceofficer@zurichkotak.com](mailto: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 of Policy wordings.

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

The updated details of Insurance Ombudsman offices are also available on the website of Council for Insurance Ombudsman: [www.cioins.co.in/Ombudsman](http://www.cioins.co.in/Ombudsman)

**NOTE:**

For detailed Coverage, Exclusions, Conditions etc, it is recommended to go through the Specimen copy of the Policy Wording which can be collected from any of our branch or downloaded from company web site [www.zurichkotak.com](http://www.zurichkotak.com)

**STATUTORY WARNING - PROHIBITION OF REBATES**

**(Under Section 41 of Insurance Act 1938)**

- 1) No person shall allow or offer to allow, either directly or indirectly as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property, in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the Policy, nor shall any person taking out or renewing or continuing a Policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the Insurer.
- 2) Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.