

## PROSPECTUS

### ADVANCE LOSS OF PROFITS INSURANCE POLICY

#### Scope of cover

##### What we cover

The Insurers shall indemnify the Insured in respect of the loss of gross profit actually sustained due to the reduction in turnover and the increased cost of working as defined in this Policy, if at any time during the period of insurance stated in the Schedule to this Policy any or all the insured items suffer loss or damage covered under this Policy, unless specifically excluded in this Policy, thereby causing an interference in the erection work and/or testing schedule resulting in a delay of commencement of and/or interference with the insured business, hereinafter referred to as “the delay”.

The amount payable as indemnity hereunder shall be in respect of loss of gross profit: the sum obtained by applying the rate of gross profit to the amount by which the actual turnover during the indemnity period falls short of the turnover which would have been achieved had the delay not occurred.

In respect of increased cost of working: the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which, without such expenditure, would have taken place during the indemnity period, but not exceeding the sum obtained by applying the rate of gross profit to the amount of the reduction in turnover thereby avoided. If the annual sum insured hereunder is less than the sum obtained by applying the rate of gross profit to the annual turnover, the amount payable shall be reduced proportionately.

##### Turnover

The amount of money (less discounts allowed) paid or payable to the Insured for goods, products or services sold, delivered or rendered in the course of the insured business conducted at the premises.

##### Annual Turnover

The turnover which, had the delay not occurred, would have been achieved during the 12 months after the scheduled date of commencement of the insured business.

##### Annual Gross Profit

The amount by which the value of the annual turnover and the value of the closing stock exceeds the value of the opening stock and the amount of the specified working expenses. The value of the opening and closing stocks shall be calculated in accordance with the Insured's normal accounting methods, due provisions being made for depreciation.

Specified working expenses shall be any costs incurred for the acquisition of goods, raw materials or auxiliaries as well as for supplies (unless required for the upkeep of operations) and any costs for packaging, carriage, freight, intermediate storage, turnover tax, purchase tax, licence fees and royalties for inventors, etc., insofar as such costs are dependent on turnover.

##### Rate of Gross Profit

The rate which, had the delay not occurred, would have been earned on the turnover during the indemnity period.

### **What we don't cover**

The Insurers shall not be liable for

1. Loss of gross profit and/or increased cost of working due to any delay caused by or resulting from -
  - 1.1. Loss or damage covered under Policy by way of endorsement, unless it has been specifically agreed in writing;
  - 1.2. Earthquake, volcanic eruption, tsunami, unless it has been specifically agreed in writing;
  - 1.3. Loss of or damage to surrounding property, construction machinery, plant and equipment;
  - 1.4. Loss of or damage to operating media or feedstock, shortage, destruction, deterioration of or damage to any materials necessary for the insured business;
  - 1.5. Any restrictions imposed by a public authority;
  - 1.6. non-availability of funds;
  - 1.7. Alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out after the occurrence;
  - 1.8. Loss or damage to items taken over or taken into use by the Insured or for which cover under this Policy has ceased;
    2. Any loss due to fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
    3. Loss of business due to causes such as suspension, lapse or cancellation of a lease, licence or order, etc. which occurs after the date of actual commencement of the business;
    4. Loss of or damage to erection work of a prototype nature, unless specifically agreed by endorsement.

### **Extent of insurance cover**

The policy pays for the actual loss of gross profit incurred during the period of delay, commencing from the scheduled date of commencement of commercial operation up to the actual date of commencement of commercial operation subject to a time excess and indemnity period selected. The delay, however, should have occurred due to a claim payable under Erection All Risk or contractor's all risk policy.

The policy does not cover delay due to:

- Inventory losses
- Delay in shipment of supplies
- Normal project schedule slippages
- Non -availability of funds for repairs/replacement to damaged items
- Cancellation of license or Govt. restrictions etc.

### **Sum Insured**

The sum insured should represent the Anticipated Gross Profit (i.e. Net Profit + Standing Charges) for the Indemnity Period selected. Net Profit means Business profit before taxation.

Standing Charges means fixed charges incurred even in the absence of business activity e.g. interest charges, salary & wages, Director's fees, O&M costs, activity e.g. interest charges, salary & wages, Director's fees, O&M costs, liquidated damages.

Indemnity Period should be selected keeping in mind the maximum period required for re-importing, re-erecting and/or re-testing any part of the project.

### **Extensions available in ALOP**

The following cover extensions to the ALOP cover may be granted (Corresponding clauses to be worded case by case):

1. **Denial of access:** After a loss has occurred on the site, authorities may deny the continuation of activities in order to investigate the exact cause of the loss. The resulting delay can by means of this clause. In the event of this cover extension being granted, the indemnifiable period in respect of such a delay shall be limited up to four weeks.
2. **Prevention of access:** Loss or damage to property in the vicinity of the site might prevent or hinder access. The delay resulting from such an event can be insured. However the indemnifiable period in respect of such a delay shall be limited up to four weeks.
3. **Failure of public power supply:** Accidental interruption or interference affecting public power supply can cause a delay in the works. Such a delay can be insured by any cuts or reduction in the public power supply, whether planned or occasioned by any supply authority exercising its rights to do so, or due to insufficient supply capacity or shortage of water due to climate reasons, fuel shortage, etc. has to remain excluded.
4. **Supplier's extension:** works may be delayed following the late arrival of machinery or equipment on the site. Such a delay can be insured provided that the delayed arrival is a consequence of a loss or damage at the premises of supplier. In order to manage this additional exposure such cover shall only be granted for:
  - Named suppliers
  - Defined premises
  - Named perils (eg fire and natural perils)

#### **SPECIAL CONDITIONS:**

1. The Insured shall present the Insurers with updated progress reports at intervals stated in the Schedule to this Policy.
2. In the event of any material change in the original risk such as
  - Changes of the envisaged progress programme, testing procedure, etc.
  - Alteration, modification or addition to any item of machinery or work, etc.
  - Departure from prescribed construction or operation conditions
  - Changes in the Insured's interest (such as discontinuation or liquidation of the business or its being placed in receivership) taking place, the Policy shall be void unless its continuance be agreed by memorandum signed by the Insurers.
3. In the event of any circumstances likely to give rise to a claim Insured must follow the following.
  - a) Reporting and Lodging of complaint with the local police immediately for the loss due to Terrorism / Burglary / Theft / involvement of any third party / injury or casualty/ malicious act.
  - b) Take all reasonable steps within the insured's power to recover / minimize the extent of the loss or damage.
  - c) Intimate us as soon as reasonably possible. Notice of claim and registration shall be done at our Toll Free Number: 1800-22-4030 or 1800-200-4030, alternatively you can notify your claim by sending mail to <contactus@universalsompo.com>.
  - d) While notifying you claim, please share your 1) policy number under which you prefer to lodge your claim, 2) date of loss, 3) place of loss, 4) cause of loss and 5) estimate of your loss.
  - e) Details of contact person with mobile no. and e- mail ID.
  - f) Preserve the damaged or defective parts / items / assets and make them available for inspection by

an official of the insurance company or surveyor /investigator appointed.

- g) Furnish all such information / proofs and documentary evidence as the surveyor / insurance company may require processing your claim.
- h) The Insured shall 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 interference with the erection work and/or testing schedule so as to avoid or diminish any delay resulting therefrom.
- i) The Insurers and every person authorized by the insurers shall, without prejudice to any party insured by this Policy, have access to the erection site where such loss or damage has occurred for the purpose of direct negotiation with the responsible contractor or subcontractor in order to establish the possible cause and extent of the loss or damage, its effect on the insured items, to examine the possibilities for minimizing any delay to the scheduled date of commencement of the insured business, and if necessary to make any reasonable recommendations for the avoidance or minimization of such delay.

This condition shall be evidence of the leave and licence of the Insured to the Insurers so to do. If the Insured or anyone acting on his behalf hinders or obstructs the Insurers during any of the above-mentioned acts or does not comply with such recommendations of the Insurers, all benefits under this Policy shall be forfeited.

## GENERAL CONDITIONS

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.

The grounds for cancellation of the policy , for the insurer, can be only on the grounds of mis- representation, non-disclosure of material facts, fraud or non-co-operation of the insured.

## Who can take the policy

The policy is taken by the Principal as he stands to lose in case of any delay in the commissioning of the project.

## Claim Procedure

In the event of a claim being made under this Policy, the Insured shall at his own expense deliver to the Insurers not later than thirty days after the delay or within such further periods as the Insurers may allow in writing a written statement setting forth particulars of his claim. Furthermore, the Insured shall at his own expense produce and furnish to the Insurers such books of account and other business books, e.g. invoices, balance sheets and other documents, proofs, information, explanations or other evidence as may reasonably be required by the Insurers 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.

1. The indemnity shall be payable one month after final determination of its amount. Notwithstanding the above, the Insured may, one month after the Insurers have been duly notified of the loss and have acknowledged their liability, claim as advance payment(s) the minimum amount(s) payable under the prevailing circumstances. The Insurers shall be entitled to postpone payment:

- A) If there are doubts as to the Insured's right to receive payment, until the necessary proof is furnished;
- B) If, as a result of any loss or damage or any delay to the anticipated date of commencement of the insured business, police or criminal investigations have been initiated against the Insured, until the completion of such investigations.

The Insurers shall not be liable to pay interest on indemnity moneys withheld other than interest for default.

**Followed by notification of a claim, insured is expected to follow the following procedures.**

- a) Insured shall do all possible loss minimization activity to reduce further loss or aggravation of loss.
- b) Insured shall not dispose / throwing away /selling / destroying any of damaged item/salvage before inspection of loss by insurer/surveyor been appointed.
- c) Insured shall furnish all necessary documents/photographs/videos and proof / evidence in relevant to their claim to surveyor / insurance company to establish their loss.
- d) Insured shall not offer promise or assurance to any third party for their loss arising out of this incident.
- e) After receipt of all necessary claim documents, re-instatement bills and payment proofs, claim working with surveyor observation would be shared to insured by surveyor / insurance company for their understanding and concurrence.
- f) Based on the final surveyor report, claim preferred by insured would be processed and concluded for settlement.
- g) Post notification of a claim, insured would be followed for the basic settlement documents or clarification on the discrepancy observed on the basic settlement documents. In spite of our best effort, if insured fails to respond for the basic details within the defined time limit, the claim preferred by insured would be repudiated as " Loss was not established".

**Basic documents to be submitted by insured for claim settlement (To be submitted by insured after reporting of loss)**

**1. Insurance Policy Document**

A copy of the ALOP insurance policy, including all endorsements and schedules, to confirm the coverage details.

**2. Notice of Loss**

A formal written notification to the insurer about the loss or delay that has triggered the ALOP claim.

**3. Project Contracts**

Copies of the main contract and subcontracts that were delayed, including the project schedule, milestones, and completion dates.

**4. Project Progress Reports**

Regular progress reports, Gantt charts, or similar documents that track the progress of the project before and after the incident.

**5. Incident Report**

A detailed report of the incident that caused the delay, including dates, description of the event, and any immediate actions taken.

**6. Financial Statements**

Financial statements or projections showing expected profit and how the delay has impacted projected revenues.

### **7. Delay Analysis Report**

An expert report analyzing the delay, its causes, and its impact on the project timeline.

### **8. Loss Calculation**

A detailed calculation of the loss of profits due to the delay, supported by financial data and project timelines.

### **9. Correspondence**

All correspondence with contractors, suppliers, and any other stakeholders related to the delay and its impact.

### **10. Third-Party Reports**

Independent assessments, such as engineering reports or auditor's evaluations, to support the claim.

### **11. Mitigation Efforts**

Documentation of steps taken to mitigate the loss, including alternative plans or accelerated work schedules.

### **12. Legal Documents**

Any legal notices, claims, or disputes arising from the delay, especially if they impact the project timeline.

### **13. Photographs/Videos**

Visual documentation of the damage or incident that caused the delay.

### **14. Insurance Company Forms**

Any specific forms required by the insurer for the claim submission.

### **15. Receipts and Invoices**

Proof of any additional costs incurred due to the delay, such as expedited shipping or overtime labor.

### **16. Expert Testimonies**

Statements from professionals or experts who can testify to the extent of the loss and its causes.

## **Grievances**

If You have a grievance about any matter relating to the Policy, or Our decision on any matter, or the claim, You can address Your grievance as follows:

Resolving Issue

Write to :

Customer Service Universal Sompo General Insurance Co.Ltd.

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane-Belapur Road, Airoli, Navi Mumbai, Maharashtra – 400708

Email: [grievance@universalsompo.com](mailto:grievance@universalsompo.com)

For More details, visit – [www.universalsompo.com](http://www.universalsompo.com)

**Visit Branch Grievance Redressal Officer (GRO)** - Walk into any of our nearest branches and request to meet the GRO.

### **Grievance Redressal Officer**

In case, the customer is not satisfied with the decision/resolution of the above office or have not received any response, he/she may write or email/mail to:

Customer Service Universal Sompo General Insurance Co. Ltd.

Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane-Belapur Road, Airoli, Navi Mumbai, Maharashtra – 400708

### **Insurance Ombudsman**

**Bima Bharosa Portal link :** <https://bimabharosa.irdai.gov.in/>

The customer can approach the Insurance Ombudsman depending on the nature of grievance and financial implication, if any.

The updated contact details of the Insurance Ombudsman offices can be referred by clicking on the Insurance ombudsman official site: <https://www.cioins.co.in/Ombudsman>.

Information about Insurance Ombudsmen, their jurisdiction and power is available on the website of the Insurance Regulatory and Development Authority of India (IRDAI) at [www.irdai.gov.in](http://www.irdai.gov.in), or of the General Insurance Council at <https://www.gicouncil.in/>, the Consumer Education Website of the IRDAI at <http://www.policyholder.gov.in>, or from any of Offices of the Company.

### **INSURANCE ACT 1938, SECTION 41 - PROHIBITION OF REBATES**

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 or 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 prospectus or tables of the Insurer.
2. Any person making default in complying with the provisions of this section shall be punishable with fine, which may extend to Ten Lakhs rupees.

**Disclaimer: The above information is only indicative in nature. For full range of benefits available and the conditions and exclusions applicable under the policy, kindly refer to the policy wordings.**

**Registered & Corp Office:** Universal Sompo General Insurance Company Ltd. 8th Floor & 9th Floor (South Side), Commerz International Business Park, Oberoi Garden City, Off Western Express Highway, Goregaon East, Mumbai 400063, Toll free no: 1800-22-4030/1800-200-4030, IRDAI Reg no: 134, CIN# U66010MH2007PLC166770 E-mail: [contactus@universalsompo.com](mailto:contactus@universalsompo.com), website link [www.universalsompo.com](http://www.universalsompo.com)