

PROSPECTUS

MACHINERY/BOILER LOSS OF PROFIT INSURANCE POLICY

Scope of Cover

What we cover

The machinery/boiler loss of profit policy covers

- Loss of Gross Profit due to Reduction in Turnover/Output.
- Increase in Cost of Working-This is the additional expenditure that has to be necessarily incurred in order to avoid or diminish the reduction in turnover.

The basic requirement is that the loss of gross profit and/or increase in cost of working has to be as a consequence of an insured peril under the material damage MBD/BPP policy.

What we don't cover

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.

Extent of insurance cover

When a loss occurs due to any of the perils covered under Machinery breakdown Policy/Boiler and Pressure plant (Material Damage Policy), the material damage policy will help the insured in reinstatement/ repair/replacement of the damaged Machinery. The time period between the date on which the loss occurs and the date on which the entire reinstatement/repair/replacement is complete and normal production restarts, is called the "Period of Interruption". This would result in a reduction in turnover/output causing subsequent loss of profits. The intention of this Policy is to make good this loss.

Sum Insured - Insurance On Gross Profit On Turnover Basis

The cover provided under this Policy shall be 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
- c) 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.
- d) 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 policy 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 date of gross profit to the annual turnover, 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.

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.

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.

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

- 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, Pro-rata scale of rate shall apply to the increased amount.

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) 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.

p) In no case whatever shall the Company be liable in respect of any claim under this Policy after the expiry of -

q) One year from the end of the indemnity period or if later

r) 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

s) Every notice and other communication required by these conditions must be written or printed.

Extensions

1. AUDITOR'S FEES

The Insurance under this policy is limited to 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 under the terms of Condition "g" of this Policy. Any particulars or details contained in the Insured's books of account or other business books or documents which may be required by the Company under Condition "g" of this Policy for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Insured's Auditors, and their certificate shall be prima facie evidence of the particulars and details to which such certificates relate.

2. Wages - DUAL BASIS

The insurance under item Is limited to loss in respect of "Wages" and the amount payable as indemnity there under 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 saving 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 there under but not more than the additional amount which would have been payable in respect of Reduction in Turnover/Output under the Provisions of Clauses (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 a 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.

3. WAGES 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 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 utilised 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 utilised by the Insured in 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.

Endorsement & Clauses

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'.

2. 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 Machinery/Boiler Loss of Profit 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."

Who can buy this policy

This policy is Ideal for SME's and Corporate alike, those who need coverage for their business against uncontrollable situations that can devastate property and businesses.

Criteria on which discounts in premium can be allowed

Discount factor for above average quality of plant

Discount factor for general loss minimization

Claim Procedure

The claim would be admissible as per the coverages and the exclusions mentioned in the policy wordings

Claim Intimation

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 **<contactclaims@universalsompo.com>**.
- d. While notifying your 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
 - 5) estimate of your loss.
 - 6) Details of contact person with mobile no. and e- mail ID.
- e. 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.
- f. Furnish all such information / proofs and documentary evidence as the surveyor / insurance company may require processing your claim.

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)

- a. Claim Form: Completed insurance claim form provided by your insurer.
- b. Proof of Loss: Detailed description of the machinery damage and its impact on operations.
- c. Repair or Replacement Estimates: Quotes or invoices from repair shops or suppliers for fixing or replacing the machinery.
- d. Income Statements: Financial records showing the loss of profit due to machinery downtime, such as income statements or profit and loss statements.
- e. Maintenance Records: Documentation of regular maintenance and any issues with the machinery leading up to the incident.
- f. Insurance Policy Document: A copy of your insurance policy that includes coverage details.
- g. Incident Report: A report detailing how the machinery was damaged or lost, including any relevant photographs or diagrams.
- h. Proof of Ownership: Documentation proving that you own the machinery, such as purchase receipts or registration papers.
- i. Business Interruption Records: Records showing how the business operations were affected by the machinery loss, including any correspondence with clients or suppliers.
- j. Previous Claims: Any previous claims or relevant correspondence with the insurance company.

• Escalation Matrix

Level 1 - contactclaims@universalsompo.com

Level 2 - grievance@universalsompo.com

Level 3 - gro@universalsompo.com

Grievance Redressal Procedure

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:

Step 1

- a. Contact Us

1-800-224030/1-800-2004030

b. E-mail Address: **Contactus@universalsompo.com**

c. Write to us Customer Service Universal Sampo General Insurance Company Limited

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

d. Senior Citizen Number: 1800 267 4030

Step 2

If the resolution you received, does not meet your expectations, you can directly write to our Grievance Id. After examining the matter, the final response would be conveyed within two weeks from the date of receipt of your complaint on this email id.

Email Us- grievance@universalsompo.com

Drop in Your concern

Grievance Cell: Universal Sampo General Insurance Co. Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Thane- Belapur Road, Airoli, Navi Mumbai, Maharashtra - 400708

Visit Branch Grievance Redressal Officer (GRO)

Walk into any of our nearest branches and request to meet the GRO

- We will acknowledge receipt of your concern immediately
- Within 2 weeks of receiving your grievance, we will respond to you with the best solution.
- We shall regard the complaint as closed if we do not receive a reply within 8 weeks from the date of our response

Step 3:

In case, You are not satisfied with the decision/resolution of the above office or have not received any response within 15 working days, You may write or email to:

Chief Grievance Redressal Officer

Universal Sampo General Insurance Company Limited

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

Email : gro@universalsompo.com

For updated details of grievance officer, kindly refer the link <https://www.universalsompo.com/resource-grievance-redressal>

☐ Step 4.

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

Insurance Ombudsman

You can approach the Insurance Ombudsman depending on the nature of grievance and financial implication, if any. Information about Insurance Ombudsmen, their jurisdiction and powers is available on the website of the Insurance Regulatory and Development Authority of India (IRDAI) at 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 Our Offices.

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>

Note: Grievance may also be lodged at IRDAI <https://bimabharosa.irdai.gov.in/>

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 Sampo 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, website link www.universalsompo.com