

## Bharat Laghu Udyam Suraksha Policy

### To whom this Policy is issued and what it covers

- i. This Policy is issued to the Customers where the total value at risk across all Insurable Asset classes at one location is exceeding ₹ 5 Crore (Rupees Five Crore) but not exceeding ₹ 50 Crore at the policy Commencement Date Provided, if the value at risk for all Insurable Assets exceeds ₹ 50 Crore or reduces below ₹ 5 Crore during the Policy Period, this policy shall, on expiry, be replaced by the applicable policy.
- ii. If more than one person is insured under this policy, each of the persons/entity is a joint policyholder. Any notice or letter, Insurance Company give to any of the customer/entity, will be considered as given to all the Insureds. Any request, statement, representation, claim or action of any one of the Insureds will bind all of Insureds as if made by all of Insureds.
- iii. If insured property is mortgaged, pledged or hypothecated by with a Bank, the Policy Schedule will show an 'Agreed Bank Clause' and the name of such Bank. The terms and conditions of this arrangement will be added to this Policy as an additional Clause.

### Scope of Cover:

Physical loss or damage, or destruction of any Insured Property by the following unforeseen events occurring during the Policy Period.

The events covered are given in Column A and those not covered in respect of these events are given in Column B.

	Column A	Column B
	Insurance Co covers physical loss or damage, or destruction caused to the Insured Property by	Insurance Company do not cover for loss or damage, or destruction caused to the Insured Property by
1	Fire, including due to its own fermentation, or natural heating, or spontaneous combustion.	caused by a. its undergoing any heating or drying process, or b. burning of Insured Property by order of any Public Authority.
2	Explosion or Implosion	a. caused to boilers, economizers or other vessels, machinery or apparatus in which steam is generated, or their contents, resulting from their own explosion or implosion, or b. caused by centrifugal forces.
3	Lightning	-
4	Earthquake, volcanic eruption, or other convulsions of nature	-
5	Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Tsunami, Flood and Inundation	-

6	Subsidence of the land on which Premises stand, Landslide, Rockslide	caused by a. normal cracking, settlement or bedding down of new structures, b. the settlement or movement of made-up ground, c. coastal or river erosion, d. defective design or workmanship or use of defective materials, or e. demolition, construction, structural alterations or repair of any property, or ground works or excavations.
7	Bush fire, Forest fire and Jungle fire	
8	Impact damage of any kind, i.e., damage caused by impact of, or collision caused by, any external physical object (e.g., vehicle, falling trees, aircraft, wall etc.),	a. caused by pressure waves caused by aircraft or other aerial or space devices travelling at sonic or supersonic speeds. b. caused by vehicle, animal or aircraft belonging to or owned by Insured or their employee while acting in the course of employment
9	Missile testing operations	-
10	Riot, Strikes, Malicious Damages	caused by a. total or partial cessation of work or the retardation or interruption or cessation of any process or operations or omissions of any kind, b. temporary or permanent dispossession, confiscation, commandeering, requisition or destruction by order of the government or any lawful authority, or c. temporary or permanent dispossession of any Building by unlawful occupation by any person.
11	Acts of terrorism (Coverage as per Terrorism Clause attached.)	Exclusions as per Terrorism Clause.
12	Bursting or overflowing of water tanks, apparatus and pipes,	-
12	Leakage from automatic sprinkler installations.	a. repairs or alterations in the Building in which Business is located, b. repairs, removal or extension of any sprinkler installation, or c. defects in the construction known to Insured.
14	Theft within 7 days from the occurrence of and proximately caused by any of the above Insured Events	if it is a. of any article or thing outside insured Premises, or

		b. of any article or thing attached from the outside of the outer walls or the roof of insured Premises, unless securely mounted.
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**Basis of Sum Insured**

- i. for Building, Plant and Machinery, Furniture, Fixture and Fittings and any other contents:  
Reinstatement Value
- ii. For Stocks:
  - a. For raw material : landed cost at Insured Premises.
  - b. For stock in process : input cost of the stock at the time of loss.
  - c. For finished stock : the manufacturing cost of the Finished Stock or the Contract Price of goods sold but not delivered and more precisely defined below.  
Contract Price is in respect only of goods sold but not delivered, for which Insured are responsible and with regard to which under the conditions of the sale, the sale contract is cancelled by reason of any Damage insured under this Policy either wholly or to the extent of the Damage. The Company’s liability shall be based on the Contract Price.
- iii. Bullion or unset precious stones, any curios or works of art or obsolete machinery and the like are to be covered on Agreed Value basis subject to a valuation certificate being submitted and found acceptable by Insurance Co.

**In Built Add-on Covers:**

In addition to claim for loss or damage to Insured Property, Insurance Co will also pay for the following loss or damage and expenses

- 1. Additions, alterations or extensions:  
Buildings, Plant, Machinery, and Furniture and Fittings, or other Contents which Insured will erect, or acquire, or for which Insured will become responsible, after the Commencement Date, in the Insured Premises. Insurance Co will pay, for that item as follows:
  - i) Insured inform Insurance Co of the item so erected or acquired within 7 (seven) days of it becoming known to Insured,
  - ii) such item of Property is not otherwise insured,
  - iii) maximum limit under this cover is 15% (excluding stocks),
  - iv) Subject to Underinsurance provision of this Policy.
- 2. Temporary removal of stocks: Insurance Company cover stocks temporarily removed to any other premises for the purposes of fabrication, processing or finishing, or other similar purposes subject to the following conditions:
  - i. maximum cover will be 10% of the Sum Insured of Stock,
  - ii. Such stock is not otherwise insured.
- 3. Cover for Specific Contents: Insurance Company cover the following, as applicable:
  - a. Money for an amount not exceeding ₹50,000 (Rupees Fifty Thousand) during the policy period.

- b. Deeds, manuscripts and business books, plans, drawings, securities, obligations or documents of any kind, but only for the cost of the materials and clerical labor expended in reproducing such records for an amount not exceeding ₹50,000 (Rupees Fifty Thousand) during the policy period.
      - c. Computer programmes, information and data but only for the cost of the materials and clerical labor expended in reproducing such records for an amount not exceeding ₹ 5 Lakh (Rupees Five Lakh) during the policy period.
      - d. Employees', Directors', visitors' personal effects of every description (other than motor vehicles) for an amount not exceeding ₹15,000 (Rupees Fifteen Thousand) per person for a maximum of 20 persons during the policy period.
4. Start-Up Expenses: Insurance Company cover start-up costs necessarily and reasonably incurred by the insured in respect of the insured risk consequent upon a loss or damage covered by this policy for an amount not exceeding ₹ 5 Lakh (Rupees One Lakh) during the policy period.
5. Professional Fees: Insurance Company will pay the expenses that are incurred towards reasonable fees of Architects, Surveyors and Consulting Engineers as follows:
  - i. The fees are paid for preparing plans, specification tenders and quantities, and services in connection with the superintendence of the reinstatement of the Insured Building, Machinery, Accessories or Equipment;
  - ii. The maximum Insurance Company pay is 5 % of the claim amount;Insurance Company do not cover fees or costs for preparing any claim or estimate of loss or damage by the Insured Perils.
6. Costs for removal of debris: Insurance Company will pay reasonable expenses incurred towards removal of debris of any Insured Property from insured Premises, and dismantling, demolishing, shoring up or propping up of Insured Building or Machinery. The maximum Insurance Company pay is 2 % of the claim amount.
7. Costs compelled by Municipal Regulations: Insurance Company pay such additional cost of reconstruction or reinstatement of the Insured Property that is incurred solely because Insured must comply with any regulations or bye-laws of any municipal or local authority, or any provision of any State or Central Act, Rules or regulations. Insurance Company cover these costs on the following conditions:
  - i. Insured must commence the repairs, or reconstruction or reinstatement of the Insured Property, within a reasonable time after the date of damage or destruction. Insured must complete the repairs, reconstruction or reinstatement within reasonable time, in any case not beyond 12 months from the date of damage or destruction, or within such time as Insurance Company may allow in writing.
  - ii. If Insurance Cos Liability is reduced under any term or condition of this Policy, liability under this extension will also be proportionately reduced.
  - iii. The total amount recoverable under any item of the policy shall not exceed the sum insured thereby.
  - iv. All other terms and conditions of this Policy will apply to this extension.

- v. These costs will not include
  - a. the costs incurred for complying with such regulations, - for destruction or damage occurring before Commencement Date, - for destruction or damage not insured under this Policy - under which Insured has received notice before the destruction or damage occurred.
  - b. any additional cost required to repair or reconstruct the Insured Property to a condition equal to its condition when new, had the need to comply with the regulation not arisen.
  - c. the amount of any rate, tax, duty, development or other charge or assessment arising out of capital appreciation which may be payable in respect of the Insured Property or by the owner thereof by reason of compliance with any of the aforesaid regulations or bye-laws.

**Standard Add-on covers:**

Insured can purchase the following standard Add-on cover under Bharat Laghu Udyam Suraksha Policy. Insured must apply for these covers, and pay applicable additional premium.

1. Declaration policy for Stocks You can opt for a Declaration policy to take care of frequent fluctuations in stocks/ stocks value subject to certain conditions.
2. Floater cover you can opt for Floater cover under the Policy for physical loss or damage to Stocks at more than one location subject to certain conditions.

**Exclusions:**

Insurance Company do not cover losses or expenses, or any loss, damage to, or destruction of the Insured Property, directly or indirectly as a result of or if caused by or arising from events, stated below:

1. Excess of ₹ 10,000 (Rupees Ten Thousand) for each claim. This means that Insurance Company will deduct ₹ 10,000 (Rupees Ten Thousand) for each and every loss suffered by Insured under the terms of this policy. ii. For terrorism risk the excess shall be as per the terms and conditions of Sabotage and Terrorism coverage clause attached to the policy.
2. Deliberate, willful or intentional act or omission, or of Insured or any other person on behalf of Insured, or with Insured's connivance.
3. Loss, damage or destruction to any electrical/electronic machine, apparatus, fixture, or fitting by overrunning, excessive pressure, short circuiting, arcing, self-heating or leakage of electricity from whatever cause (lightning included). This exclusion applies only to the particular machine so lost, damaged or destroyed. However, any ensuing loss or damage to other insured property due to operation of an insured peril is covered.
4. Loss, destruction or damage to the stocks in cold storage premises caused by change of temperature.
5. Loss, or damage by spoilage resulting from the retardation or interruption or cessation of any process or operation caused by operation of any of the Insured Events.

6. Insured Premises or any Insured Building remaining continuously unoccupied for a period of more than 30 days, unless Insured has obtained prior written approval from Insurance Co and such approval is recorded as an endorsement on the Policy.
7. War, invasion, act of foreign enemy hostilities or war-like operations (whether war is declared or not), civil war, mutiny, civil commotion amounting to a popular rising, military rising, rebellion, revolution, insurrection or military or usurped por.
8. Ionizing radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from combustion of nuclear fuel, or the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component that is part of it.
9. Pollution or contamination, unless - i. The pollution or contamination itself has resulted from an Insured Event, in which case only physical damage to the Insured Property is covered, or ii. An Insured Event itself results from pollution or contamination.
10. Loss, destruction or damage to bullion or unset precious stones, any curios or works of art unless such amount is declared separately and recorded in the Policy Schedule.
11. Loss of any Insured Property which is missing or has been mislaid, or its disappearance cannot be linked to any single identifiable Insured Event.
12. Loss or damage to any Insured Property removed from Insured Premises to any other place, except i. machinery and equipment temporarily removed for repairs, cleaning, renovation or other similar purposes for a period not exceeding 60 days, ii. Stock covered under Temporary Removal Clause of this Policy.
13. Any reduction in market value of any Insured Property after its repair or reinstatement.
14. Loss or damage to any Insured Property or any claim which is covered by a marine policy in force at the time of loss or damage, except in excess of the limits of that policy.
15. Any consequential or indirect loss or damage of any description, i.e. losses or extra costs (financial or nonfinancial) that follow or are a consequence of an Insured Event, like, loss by delay, loss of income or wages or earnings, or of market, or of time, medical expenses, or any costs not covered by this Policy.
16. Costs, fees or expenses for preparing any claim.

#### **What Insurance Company Pay**

If any Insured Property is physically damaged, lost or destroyed, Insurance Company will pay Insured as follows:

1. Partial Loss: -

i) If any Insured Property is a Partial Loss, Insurance Company will reimburse to the Insured the cost of repairs to the extent required to bring that Property to a condition substantially the same as, but not superior, better or more extensive than its condition if it were new on the date it was damaged.

ii.) If any Insured Stock is a Partial Loss, Insurance Company will pay, to the extent of the loss of such Partial Loss.

2. If Building or Plant and Machinery or Furniture, Fixture, Fittings is a Total Loss, Insurance Company will pay for

i) The Reinstatement/Replacement Value of the Building or Plant and Machinery or Furniture, Fixture, Fittings.

ii) Reconstruction of the new building on the same site, or another site. If Insured reconstruct the new Building or Reinstates the Plant and Machinery or Furniture, Fixture, Fittings on another site Insurance Company will not pay more than what Insurance Company would pay to reconstruct or replace on the same site.

iii) Reinstatement using standard material readily available and in common use for similar type of Building.

3. If the Stock is a Total Loss, Insurance Company will pay Insured as follows:

i) Landed cost at insured Premises for Stock of raw materials,

ii) Total manufacturing cost for Stock of finished goods,

iii) The input value of Stock in process at the time loss,

iv) The Contract Price in case of goods sold but not dispatched and lying within premises for which Insured is responsible under the terms of a contract of sale. Insurance Company will pay claim on the basis of the Contract Price, if the sale is cancelled wholly or to the extent of loss or damage caused by an Insured Event covered by this Policy. For the purposes of this para, the value of all goods to which this basis of settlement could apply in the event of loss or damage will also be ascertained on the same basis.

4. Insured must commence the repairs or Reinstatement within a reasonable time after the date of the damage or destruction and must complete the repairs or Reinstatement within reasonable time, in any case not beyond 12 months from the date of damage or destruction, or within such time as Insurance Company may allow in writing.

5. If Insured fails to start the work of the repairs or Reinstatement within reasonable time, or to complete the repairs or Reinstatement within time Insurance Company will pay the claim based on the Market Value of the Building, Plant and Machinery, Furniture, Fixture, Fittings as the case maybe.

6. Insurance Company will pay the Market Value of the Building, Plant and Machinery, Furniture, Fixture and Fittings at the time it is a Total Loss, but not more than the relevant Sum Insured, i. if the Building cannot be Reinstated or rebuilt due to Municipal, State or Central law, rules, regulations or bye-laws, ii. If Insured do not wish to reinstate the Building, Plant and Machinery, Furniture, Fixture, Fittings.

**In any claim, Insurance Company will not pay more than the relevant Sum Insured, subject to Underinsurance as stated below:**

1. The Sum Insured for each item of Insured Property must be sufficient to pay for Reinstatement/Replacement of that Property on the date of loss. If the Reinstatement/Replacement Value of the Insured Property, in totality, including additions, alterations, erections and new

acquisitions, is more than the Sum Insured, except to the extent waived as mentioned Clause (3) below, it amounts to underinsurance, and will reduce proportionate to the difference from the amount that Insurance Company will pay for the claim.

2. Every item of Insured Property is subject to this condition separately.

3. Under this Bharat Laghu Udyam Suraksha Policy, Insurance Company will waive underinsurance upto 15%.

4. If at the time of damage, the Sum Insured applicable to the relevant Buildings, Plant and Machinery, Furniture, Fixture, Fittings, Stocks and other contents is less than 85% of the value of Insurable Assets, Insured will be responsible for the difference and will bear a proportionate share of the loss.

**Note: The above-mentioned details are pertaining to the coverage and exclusions of the policy. For detailed terms and conditions, claims Procedure etc please refer to the policy wording attached to the premium quotations.**