

CONSEQUENTIAL LOSS (FIRE) POLICY

In consideration of the insured named in the Schedule hereto having paid to Insurance Company the premium mentioned in the Schedule, the Insurance Company agrees (subject to the Special Conditions and Exclusions contained herein or endorsed or otherwise expressed hereon and also to the Conditions and Exclusions contained in the Fire Policy covering the interest of the insured in the property at the premises) that if any building or other property or any part thereof used by the Insured at the premises for the purpose of the Business, be destroyed or damaged by the perils covered under the fire policy, (Destruction of damage so caused being hereafter termed Damage), and the Business carried on by the Insured at the Premises be in consequence thereof interrupted or interfered with, then the company will pay to the insured in respect of each item in the schedule hereto the amount of loss resulting from such interruption or interference in accordance with the provisions contained therein:

Provided that

- 1) Such Damage is caused at any time after payment of the premium during the period of insurance named in the Schedule or of any subsequent period in respect of which the insured shall have paid and the Company shall have accepted the premium required for the renewal of the policy.
- 2) At the time of the happening of the Damage there shall be in force a Fire Policy covering the interest of the insured in the property at the premises against such Damage and that payment shall have been made or liability admitted there under. However, the Proviso shall not apply where payment is not made under Fire Policy, solely due to operation of a proviso in fire policy excluding liability for losses below a specified amount.
- 3) The liability of the Company shall in no case exceed in respect of each item the sum expressed in the said Schedule to be insured thereon or in the whole the total sum insured hereby or such other sum or sums as may hereafter be substituted there for by memorandum duly signed by or on behalf of the Company.

CONDITIONS

1. The insurance by this Policy shall cease if:
 - a) The business be wound up or carried on by a Liquidator or Receiver or permanently discontinued
 - Or
 - b) The insured's interest ceases otherwise than by death
 - Or
 - c) Any alteration is 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 is admitted by memorandum signed by or on behalf of the Company.

2. 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.
3. On the happening of any Damage in consequence of which a claim is or may be made under this Policy, the insured shall
 - a) forthwith give notice thereof to the Company,
 - b) With due diligence do and concur in doing and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss.
 - c) 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.
 - d) 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.

4. In no case whatsoever shall the Company be liable in respect of any claim under this Policy after the expiration of:
 - (a) One year from the end of the period of indemnity or if later,
 - (b) 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.
5. This Policy and the Schedule annexed (which forms an integral part of this Policy) shall be read together as one contract, and words and expressions to which specific meanings have been attached in any part of this Policy or of the Schedule shall bear such specific meanings wherever they may appear.
6. 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.

In any action suit or other proceeding where the Company alleges that by reason of the provision of this condition any loss or damage is not covered by this Insurance, the burden of proving that such loss or damage is covered shall be upon the Insured.

7. At all times during the period of insurance of this Policy, the insurance cover will be maintained to the full extent of the respective sum insured in consideration of which, upon the settlement of any loss under this Policy, pro-rata premium for the unexpired period from the date of such loss to the expiry of period of insurance for the amount of such loss shall be payable by insured to the company.

The additional premium referred above shall be deducted from the net claim amount payable under the Policy. This continuous cover to the full extent will be available notwithstanding any previous loss for which the company may have paid hereunder and irrespective of the fact whether the additional premium as mentioned above has been actually paid or not following such loss. The intention of this condition is to ensure continuity of the cover to the Insured subject only to the right of the Company for deduction from the claim amount when settled of pro-rata premium to be calculated from the date of loss till expiry of the Policy.

Notwithstanding what is stated above, the Sum Insured shall stand reduced by the amount of loss in case the Insured, immediately on occurrence of the loss, exercises his option not to reinstate the Sum Insured as above.

Specification B – Insurance on Gross Profit on Output Basis

Item No.	Sum Insured
1. On Gross Profit	Rs. 15, 36, 66,664/-

The insurance under Item No.1 is 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: -

- (a) 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.
- (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 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.

* Insert that 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 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 Output 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 receipt 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 – (Appropriate list to be inserted).

OUT PUT - The quantity of + produced at the premises measured in units of ++

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.

+ Insert description of commodity produced by the insured

++ Insert unit of weight used

RATE OF GROSS PROFIT – The rate of Gross Profit per unit earned on the 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
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ANNUAL OUTPUT – The output during the twelve months immediately before the date of the damage.	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.
STANDARD OUTPUT –The output 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 produce elsewhere than at the premises for the benefit of the business either by the Insured or by others on the insured's behalf the quantity so produced shall be brought into account in arriving at the Output 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.