

## Standard Fire and Special Perils Insurance Policy

Historically fire has been a major cause of losses to property. Oriental's fire insurance seeks to provide protection against such losses.

Know more about our various 'fire' products

- Standard Fire And Special Perils Policy
- Consequential Loss (Fire) Insurance Policy / Business Interruption (Fire) Insurance
- Industrial All Risk
- Mega Risk Policy
- Stand Alone Terrorism Cover

### Standard Fire and Special Perils Policy

This is a package insurance which covers the following set of perils:

#### Perils Covered:

- a) Fire
- b) Lightning
- c) Explosion / Implosion
- d) Aircraft damage
- e) Riot, Strike, Malicious damage (RSMD Perils)
- f) Storm, Tempest, Flood, Inundation, Hurricane, Cyclone, Typhoon and Tornado. (STFI)
- g) Impact by any Rail/ Road vehicle or animal belonging to third parties
- h) Subsidence / Landslide including rockslide.
- i) Bursting and / or overflowing of water tanks, apparatus.
- j) Leakage form Automatic Sprinkler Installation.
- k) Missile Testing Operation.
- l) Pollution or contamination resulting from any of the above perils

- m) Any insured peril resulting from pollution and contamination.
- n) Bush Fire

**Additional In-Built Covers:**

- a) Architects, Surveyors and Consulting Engineers' Fees up to 3 % of the claim amount.
- b) Expenses incurred for removal of debris to clear the site up to 1 % of the claim amount.
- c) Machinery and equipment temporarily removed for repairs, cleaning, renovation or other similar purposes for a period of 60 days

**Note:**

- a) STFI and RSMD perils can be deleted at the inception of the policy for which suitable reduction in premium rate is allowed.
- b) Fire Policy is an annual policy
- c) Long Term policy (for a minimum period of three years) is also available for "dwellings" only with suitable discounts in premium.
- d) Cover for STFI and RSMD perils can also be given during currency (where they are deleted at inception by choice) in special circumstances.

**Significant Exclusions:**

**a. Losses/ Expenses not covered:**

- i. 5% of each and every claim subject to minimum of Rs. 10,000 resulting from Lightning, STFI and Subsidence and Landslide including Rockslide (AOG Perils)
- ii. Rs. 10,000 in respect of all other perils.
- iii. Expenses incurred on Architects, Surveyors' Consultant Engineers fees and Debris Removal in excess of 3% and 1% of claim amount respectively.
- iv. Loss of earnings, loss by delay, loss of market or other consequential or indirect loss or damage of any kind.
- v. If the building insured or containing the insured property becomes unoccupied and so remains for a period of *more than 30 days*.
- vi. Loss or damage caused to insured property by its own fermentation, natural heating or spontaneous combustion.
- vii. Loss or damage caused to insured property by its undergoing any heating or drying process.

**b. Perils not covered:**

- i. War and allied perils
- ii. Nuclear and allied perils
- iii. Pollution or Contamination
- iv. \* Earthquake, Volcanic eruption or other convulsions of nature.
- v. 'Aircraft' damage arising out of pressure waves

- vi. Loss by theft during or after the occurrence of any insured peril
- vii. Riot, Strike or Malicious Damage losses arising out of:
  - a. total or partial cessation of work
  - b. Permanent or temporary dispossession resulting from order of the Government.
  - c. Permanent or temporary dispossession resulting from the unlawful occupation by any person.
  - d. Theft, larceny or omission by any person, in a malicious act.
- viii. Costal or river erosion
- ix. \* Forest Fire
- x. \* Loss, or damage by spoilage resulting from the retardation of any process caused by operation of any insured perils

**c. Properties not covered:**

- i. Items like bullion or unset precious stones, any curios or works of art for an amount exceeding Rs.10000/-, manuscripts, plans, drawings, securities, obligations or documents of any kind, stamps, coins or paper money, cheques, books of accounts or other business books, computer systems records, explosives manuscripts etc. *unless specifically declared*.
- ii. \* Cold storage stocks due to change of temperature.
- iii. Loss / damage/ destruction of any electrical and/or electronic machine, apparatus, fixture or fitting arising from over running, excessive pressure, short circuiting, arcing, self heating or leakage of electricity, from whatever cause (including lightning).
- iv. \* Loss / damage / destruction of Boilers, Economisers or other Vessels, machinery or apparatus in which steam is generated, by its own explosion/ implosion.
- v. \* Caused by Centrifugal force (the outward force on a body moving in a curved path around another body)

**Note:**

- a) Some of the above exclusions (marked \*) can be covered at an additional premium. Terms and conditions apply.

**Add on covers**

In addition to the perils/ expenses covered, the proposer can opt to seek cover in respect of the following perils/ expenses at inception or during currency of the policy on payment of additional premium.

**Perils:**

- a) Loss/ damage/ destruction of the property caused by
- b) Deterioration of Stocks in Cold Storage premises due to power failure following damage due to an insured peril
- c) Forest Fire
- d) Impact Damage due to Insured's own Vehicles, Fork lifts and the like and articles dropped there from
- e) Spontaneous Combustion
- f) Omission to insure additions, alterations or extensions
- g) Earthquake (Fire and Shock).
- h) Spoilage material damage cover.
- i) Leakage and contamination cover.
- j) Temporary removal of stocks.
- k) Terrorism

**Expenses:**

- a) Architects , Surveyors and Consulting Engineer's Fees (in excess of 3% claim amount)
- b) Debris Removal (in excess of 1% of claim amount)
- c) Loss of rent.
- d) Insurance of additional expenses of rent for alternative accommodation.
- e) Start up Expenses.

**Sum Insured:**

- a) Property can be insured on depreciated cost (market value) or replacement cost basis.
- b) In order to get better protection, insurance on reinstatement (replacement) basis is recommended. The sum insured selected should be adequate for reinstatement.
- c) In case the value of a property may increase due to factors like increase in prime cost, Exchange rate etc. during the currency of the policy, the corresponding sum insured may be increased up to 25% maximum by opting for the 'Escalation Extension'.
- d) Similarly, any reduction in sum insured during currency may be effected for which refund of premium will be allowed on short period basis.
- e) Following guidelines, though not exhaustive, are provided for arriving at the sums to be insured for various properties.

**Caution:**

If the declared sum insured is found to be less than the value of the property insured, then the claim amount is proportionately reduced. For example:

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If the value of the property is Rs.50 Lacs, but the Sum Insured is declared as Rs.40 Lacs and a fire loss of Rs.10 Lacs has taken place, the claim amount payable will be proportionately reduced:

$$10 \times 40 / 50 = \text{Rs.8.00 Lacs.}$$

Property	Basis of Insurance	Sum Insured
<b>1. Building</b>		
(a) Completed	Depreciated Value Basis	<ul style="list-style-type: none"> <li>❖ Estimated cost of Reinstatement (material + Labour) of a similar property as on the date of proposal, at the insured site</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for the policy period</li> <li><b>-(minus)</b></li> <li>❖ depreciation for age</li> </ul>
	Reinstatement Value Basis	<ul style="list-style-type: none"> <li>❖ Estimated cost of Reinstatement (material + Labour) of a similar property as on the date of proposal, at the insured site</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for the policy period</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for reinstatement period which may extend beyond the policy period</li> <li>❖ Thus, this policy will pay, in the event of loss/ damage, without any deduction for depreciation.</li> <li>❖ Subject to Sum Insured being found adequate on the <b><i>date of completion of reinstatement</i></b></li> </ul>
(b) In course of Construction	Reinstatement Value Basis	Estimated Total completed value (Material + Labour)
<b>2. Plant &amp; Machinery</b>		

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<b>Property</b>	<b>Basis of Insurance</b>	<b>Sum Insured</b>
(a) Bought New	Market Value	<ul style="list-style-type: none"> <li>❖ Estimated cost of replacement of a similar machine of the same kind and capacity as on the date of proposal, at the insured site</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for the policy period</li> <li><b>-(minus)</b></li> <li>❖ depreciation for age and usage for number of years from the date of manufacturing (and not from the year in which it was bought)</li> </ul>
(b) Bought Second hand	Market Value	<ul style="list-style-type: none"> <li>❖ Estimated cost of replacement of a similar machine of the same kind and capacity as on the date of proposal, at the insured site</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for the policy period</li> <li><b>-(minus)</b></li> <li>❖ depreciation for age and usage for number of years from the date of manufacturing (and not from the year in which it was bought)</li> <li><b><u>CAUTION:</u></b></li> <li>❖ Such machines are not insured on reinstatement value basis unless satisfactory inspection report confirming efficient working is obtained.</li> </ul>
	Reinstatement Value Basis	<ul style="list-style-type: none"> <li>❖ Estimated landed cost of a similar machine of the same kind and capacity as on the date of proposal,, at the insured site</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for the policy period</li> <li><b>+(plus)</b></li> <li>❖ suitable escalation for reinstatement period which may extend beyond the policy period</li> <li>❖ Thus, this policy will pay, in the event</li> </ul>

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Property	Basis of Insurance	Sum Insured
		<p>of loss/ damage, without any deduction for depreciation.</p> <ul style="list-style-type: none"> <li>❖ Subject to Sum Insured being found adequate on the date of completion of reinstatement.</li> </ul> <p><b>CAUTION:</b></p> <ul style="list-style-type: none"> <li>❖ Normally not considered for second hand bought machinery, unless satisfactory productivity report is available.</li> </ul>
<p><b>P.S. Generally, the landed cost of an imported or indigenous machinery will include its prime cost, Customs Duty/Excise Duty , CV Duty, , loading and unloading charges, freight, insurance, incidental expenses and cost of erection at site.</b></p>		
(c) Obsolete M/c.	Agreed Value	<ul style="list-style-type: none"> <li>❖ Value has to be ascertained by an expert valuer.</li> <li>❖ The value so ascertained will be the agreed value between insurer and proposer and loss/ damage will be assessed on this basis.</li> <li>❖ Such machines cannot be insured on reinstatement value basis</li> </ul>
<b>3. Stocks</b>		
(a) Raw Material	Market Value	<ul style="list-style-type: none"> <li>❖ Landed cost at the time of proposal, at the insured site</li> </ul> <p><b>+ / - (plus / minus)</b></p> <ul style="list-style-type: none"> <li>❖ for expected variation in prices during the policy period</li> </ul>
(b) Finished Goods	Market Value	<ul style="list-style-type: none"> <li>❖ Landed cost at the time of proposal, at the insured site</li> </ul> <p>OR</p> <p>Raw material cost plus cost of manufacturing</p> <p><b>+ / - (plus / minus)</b></p> <ul style="list-style-type: none"> <li>❖ for expected variation in prices during the policy period</li> </ul>
(c) Stock in process	Market Value	<ul style="list-style-type: none"> <li>❖ Landed cost of Raw materials at the at the insured site at time of proposal plus direct and indirect charges incurred up to the stage of processing,</li> </ul> <p><b>+ / - (plus / minus)</b></p>

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Property	Basis of Insurance	Sum Insured
		❖ for expected variation in prices during the policy period
<b>P.S. : Landed cost means prime cost plus all duties plus freight, insurance and incidental charges.</b>		
<b>(d) Stock-in-trade</b>		
Manufacturer	Market Value	❖ Landed cost at insured site of Raw materials at the time of proposal <b>+(plus)</b> ❖ plus manufacturing costs <b>i.e,</b> direct and indirect charges incurred up to the stage of processing <b>+ / - (plus / minus)</b> ❖ for expected variation in prices during the policy period
Wholesaler	Market Value	❖ Landed cost at which the goods can be purchased from the Manufacturer, as on the date of proposal <b>+ / - (plus / minus)</b> ❖ for expected variation in prices during the policy period
Retailer	Market Value	❖ Landed cost at which the goods can be purchased from the Wholesaler, as on the date of proposal <b>+ / - (plus / minus)</b> ❖ for expected variation in prices during the policy period
<b>4. Furniture, Fixture &amp; Fittings</b>		
	Market Value	❖ Estimated landed cost of a similar property of the same kind, as on the date of proposal <b>+(plus)</b> ❖ suitable escalation for the policy period <b>- (minus)</b> ❖ depreciation for age and usage
	Reinstatement Value Basis	❖ Estimated landed cost of a similar property, as on the date of proposal, at the insured site <b>+(plus)</b> ❖ suitable escalation for the policy period <b>+(plus)</b>



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Property	Basis of Insurance	Sum Insured
		❖ suitable escalation for reinstatement period which may extend beyond the policy period
<b>5. Items to be covered specifically on declaration</b>		
	Agreed Value Basis	Value as certified by an expert valuer.

### Location of Risk:

- i. The proposer shall describe all locations where the properties are built or installed or stored or kept at the inception
- ii. Any change of location of risk may be covered, on intimation of such change.
- iii. Change of ownership in the insured property shall be intimated so that the new owner may be covered by means of suitable endorsement.
- iv. Any material change in the location of risk, trade or manufacturing activities shall be intimated to the insurer so that the changes are endorsed on the policy to offer continuous cover.

### How to claim

In the unfortunate event of a claim please:

- i. Immediately intimate such loss / damage to the nearest office with a copy to the policy issuing office, so that a Competent Surveyor may be deputed to for loss assessment.
- ii. Take all steps to minimise the loss, as if no insurance has been taken.
- iii. give an account of all properties damaged or destroyed with estimated amounts having regard to their values as on the time and date and place of loss, not including profit of any kind
- iv. cooperate with surveyors by providing all the necessary documents for assessment of loss and establishing liability.
- v. cooperate with the insurer.
- vi. inform particulars of all other insurances existing on the property at the time of loss.

### Documents required by insurer for processing the claim:

#### Claim due to Fire and/or Explosion

- a) Copy of Claim intimation given to Company together with xerox of policy & premium receipt
- b) Duly filled Claim Form
- c) Police Panchnama / First Information Report/Final Police Report (Forensic Deptt.)
- d) Fire Brigade Report

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- e) Photographs of Damaged Property showing extent of damage &/or video film of loss

To substantiate quantum of loss, value of damaged insured property just prior to loss, & value of salvage. please make available to surveyors/investigators fixed Asset Register, original Bills/ Invoice, Repairs/Replacement Bills/Invoices and stock Register

For more details please contact your nearest office

### **Claim due to Flood, Storm, Cyclone, Earthquake, Subsidence/ Landslide**

- a) Copy of Claim intimation given to Company together with xerox of policy & premium receipt
- b) Duly filled Claim Form
- c) To substantiate quantum of loss, value of damaged insured property just prior to loss, & value of salvage. please make available to surveyors/investigators fixed Asset Register, original Bills/ Invoice, Repairs / Replacement Bills/Invoices and stock Register
- d) Newspaper cutting wherein the incidence of occurrence of flood/storm/cyclone/earthquake/landslide has been reported
- e) Meteorological Report

For more details please contact your nearest office

### **Claim due to Riot, Strike, Malicious Damage and Terrorism (RSMDT)**

- a) Copy of Claim intimation given to Company together with xerox of policy & premium receipt
- b) Duly filled Claim Form
- c) Police Panchnama/First Information Report/Final Investigation Report
- d) Fire Brigade Report
- e) To substantiate quantum of loss, value of damaged insured property just prior to loss, & value of salvage. please make available to surveyors/investigators fixed Asset Register, original Bills/ Invoice, Repairs/Replacement Bills/Invoices and stock Register
- f) Newspaper cutting wherein the incidence of riots has been reported
- g) Photographs of Damaged Property showing extent of damage &/or video film of loss

For more details please contact your nearest office