

UNIVERSAL SOMPO GENERAL INSURANCE COMPANY LIMITED

**Regd. Office: 201-208, Crystal Plaza, Opp. Infinity Mall, Link Road,
Andheri (West), Mumbai – 400 058**

**Mailing Address: 201-208, Crystal Plaza, Opp. Infinity Mall, Link Road,
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Tel: 0091 22 4067 9000**

ADVANCE LOSS PROFITS INSURANCE POLICY

The Insurers shall indemnify the Insured -named as Principal (Owner) in the Schedule of this Policy - 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.

Definitions

Period of Insurance

The period of insurance shall be the period stated in the Schedule to this Policy, terminating on the date specified in the Schedule or on any earlier date when the material damage cover of Policy ceases.

Scheduled Date of Commencement of the Insured Business

The provisional date stated in the Schedule to this Policy or any revised date upon which the business would have commenced had the delay not occurred.

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Indemnity Period

The period during which the results of the business are affected in consequence of the delay, beginning on the scheduled date of commencement of the insured business and not exceeding the maximum indemnity period stated in the Schedule to this Policy.

Time Excess

The period stated in the Schedule to this Policy for which the Insurers are not liable. The corresponding amount shall be calculated by multiplying the average daily value of loss sustained during the indemnity period by the number of days agreed upon as the time excess.

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.

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Special Exclusions :-

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.

Provisions :-

Memo 1 - Extension of Period: Any extension of the period of insurance under this Policy shall not automatically lead to an extension of the period of insurance stated in the Schedule to this Policy.

Any extension of the period of insurance under this Policy shall be requested in writing as early as possible by the Insured, stating the circumstances leading to the need for extension, and shall have effect for this Policy only if specifically agreed upon in writing.

Any alteration of the scheduled date of commencement of the insured business shall be reported and shall have effect for this Policy only if specifically agreed upon in writing.

Memo 2 - Basis of Loss Settlement: In calculating the rate of gross profit and annual turnover,

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the following points shall in particular be taken into consideration:

- a) the results of the insured business for the 12-month period after commencement,
- b) variations and special circumstances which would have affected the insured business had the delay not occurred,
- c) variations and special circumstances affecting the insured business after commencement,

so that the final figures represent as closely as may be reasonably practicable the results which the insured business would have obtained after the scheduled date of commencement had the delay not occurred.

Memo 3 -Return of Premium: If the Insured declares (certified by the Insured's auditors) that the gross profit earned during the accounting period of twelve months following the commencement of the insured business or the date on which but for the delay the business would have commenced was less than the sum insured thereon, a pro rata return of premium not exceeding one third of the premium paid shall be made in respect of the difference.

If any loss or damage has occurred giving rise to a claim under this Policy, such return shall be made in respect only of so much of said difference as is not due to such damage.

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 occurrence which might cause a delay and give rise to a claim under this policy:
 - a) the Insured shall immediately notify the Insurers by telephone or telegram and send them written confirmation thereof within forty-eight hours of the occurrence;

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b) 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.

c) 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.

4. 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.

5. 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.

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