

Add-on Covers under HDFC ERGO Bharat Sookshma Udyam

Suraksha Policy Wordings

Involuntary Betterment

It is understood and agreed that in the event that new property of like kind and quality is not obtainable, property which is as similar as possible to that which has sustained damage and which is capable of performing the same function shall be deemed to be new property of like kind and quality and in no event shall this be considered as a betterment to the insured.

In the event of replacement with new property, We will pay the cost of purchasing and installing which is necessitated by incompatibility between new equipment installed to replace equipment which has sustained damage and undamaged existing equipment at the same or an interdependent location.

Provided always that

- a. Damage was directly caused by the peril insured against
- b. We shall be liable only for the amount sufficient to enable the insured to resume operation in substantially same manner as before the damage
- c. We shall be liable for only the difference between the highest sales value of the undamaged existing equipment at the same or interdependent location and the installed cost of the technologically current equipment
- d. This benefit is not applicable to Stocks.

Special Condition:

It is further agreed & declared that this extension shall not be enforceable if the insured is unable or unwilling to reinstate the property.

Limit of Indemnity/Sum Insured shall not exceed 50% of the total sum insured (excluding stock) ~~If the cost of replacement with the follow up model exceeds the sum insured set against the said item, our liability would not exceed the sum insured.~~



Loss of Rent and Additional Expense of Rent for and Alternative Expenses

i. For owners (Loss of Rent)

In consideration of payment of additional premium, it is hereby agreed and declared that if (any of) the said building(s) or any part thereof is unfit for occupation in consequence of its destruction or damage by the perils insured against and then the amount payable shall not exceed such portion of the sum insured on Rent as the period necessary for reinstatement bears to the term of the Rent Insured".

ii. For Owners and Tenants (Additional Expenses of Rent for alternative premises)

In consideration of payment of additional premium, it is hereby agreed and declared that in the event of the premises described in the policy and occupied by the insured, hereinafter referred to as 'PREMISES' being destroyed or damaged by any Insured Peril as to become unfit for occupation and the insured in consequence taking up alternative Premises, We shall, subject to special conditions set out herein, indemnify the insured against the additional rent (as explained herein) which the insured is called upon to bear for the period beginning from the date of operation of any of the Insured Perils until the 'PREMISES' is rendered fit for occupation such period not exceeding such reasonable time as is required to restore the premises with due diligence to a condition fit for occupation or the maximum indemnity period as opted by you and mentioned in Policy Schedule whichever is earlier.

Provided our liability shall not exceed the Sum Insured as opted by you and mentioned in Policy Schedule. Provided further that if the sum produced by applying the monthly additional rent, borne by the insured for the alternative Premises to the maximum indemnity period is more than the Sum Insured hereby, our liability shall be proportionately reduced.



Special Condition:

- i. This insurance shall apply subject to the condition that the PREMISES occupied by the insured, whether as owner or tenant, forms part of a building not being "Kutchha" Construction.
- ii. If the area of alternative Premises taken by the insured is more than the area of the PREMISES occupied by the insured, the additional rent borne by the insured for the purpose of this insurance shall be deemed to be that proportion of the additional rent actually borne by the insured as the area of the PREMISES which was in the insured's occupation bears to the area of the alternative Premises taken by the insured. The insured shall be at liberty to take alternative Premises in any locality so long as it is within the Municipal limit of the city or town in which the PREMISES is situated.



Contract Works

It is hereby agreed that the Insured Property under the policy is extended to include the permanent works and temporary works that are erected or in the course of erection during the policy period including Plant and Machinery, and materials and all other property of whatsoever nature or description for incorporation therein but excluding contractors plant & machinery, fines and penalties arising out of such construction and any loss that is insured in any other policy.

Special Condition:

Construction for the purpose of this cover shall mean for the extension or refurbishment of existing Buildings with a construction period not exceeding twelve months in duration within the Territorial Limits. Our liability shall not exceed the Limit of Liability specified in the Policy Schedule.



Escalation

In consideration of the payment of an additional premium during the period of insurance, sum insured shall be increased each day by an amount representing $1/365$ th of the specified percentage increase per annum.

Unless specifically agreed to the contrary the provisions of this clause shall only apply to the sum insured in force at the commencement of each period of insurance.



Subsidy Cover

~~It is hereby agreed and understood that by virtue of this clause, in event of loss or damage to insured property due to perils listed in policy, insurer will pay the sum insured as declared by insured and which is part of policy schedule even though Stock and/or Plant and Machinery has been purchased in subsidy provided by government or local authority. All other terms and condition of policy will remain as it is.~~

~~Special Condition:~~

~~Sum insured declared for this should be Market value in case of Stock and Reinstatement value in case of Plant and Machinery even though it has been purchased on subsidized rate under scheme provided by Government or local authority.~~



Brand and Label Clause

It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon and subject to the Insured having paid the agreed extra premium, the insurance shall be extended to cover the loss or damage to branded or labelled property insured by this Policy and the Insurer elects to take all or any part of that property, the Insured may at the Insurers expense:

- a) stamp "salvage" on the property or its containers; or
- b) remove or obliterate the brands or labels, if doing so will not damage the property.

In either event, the Insured must re-label such property or its containers to be in compliance with any applicable law. ~~However~~However, the Insured will have the liberty to destroy the damaged articles in the presence of Insurer's representative if the Insured feels that the product can be misused by any one exposing the company to legal liabilities and penalties as per the prevailing law of the land.

This cover is applicable for finished goods only.



Dynamo Clause

In consideration of additional premium and notwithstanding to the contrary contained in the policy, it is hereby agreed that loss or damage to the electrical appliances, apparatus, fixtures or fittings insured under this policy arising from or occasioned by overrunning, excessive pressure, short circuit, arcing, self-heating or leakage of electricity from whatever cause (lightning included) is covered.

However, it expressly excludes loss or damage to the electrical appliances, apparatus, fixtures or fittings due to breakdown by whatsoever reason.