



Take it easy!

# SME PRODUCT HANDBOOK

(FOR SALES TEAM AND INTERMEDIARIES)



PROPERTY INSURANCE



ENGINEERING INSURANCE



LIABILITY INSURANCE



MARINE INSURANCE





# INDEX

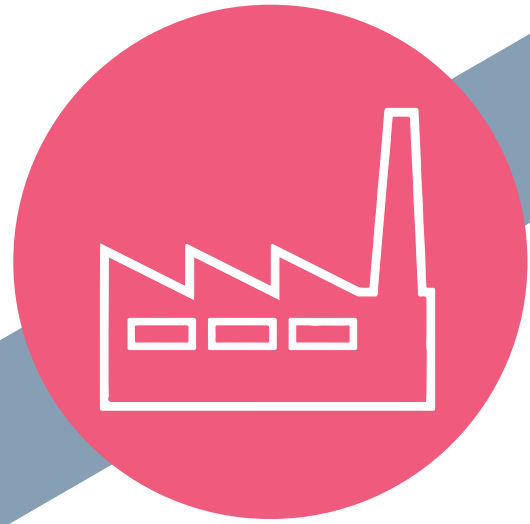
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# PROPERTY INSURANCE



# PROPERTY INSURANCE

## 1) STANDARD FIRE AND SPECIAL PERILS INSURANCE (FIRE INSURANCE)

### Introduction

**Fire insurance policy provides financial protection to the property owner against named perils as mentioned below. Property that can be covered under this insurance is as below:**

- Building /Structure including Plinth and Foundation, Boundary Walls, Water Tanks, Internal Roads, Parking
- Contents including Plant and Machinery, Furniture, Fixtures, Fittings, Electronic items like AC, Refrigerator, TV, Personal Computer
- Utilities – like DG Set, Air Conditioning Plant, Transformer
- Stock including Raw Material, Stock in Process, Finished Stock, Packing Material

**But excluding following properties:**

- Bullion or unset precious stones, any curios or works of art, manuscripts, plans, drawings, securities, documents of any kind, stamps, coins or paper money, cheques, books of accounts or other business books, computer system record unless otherwise expressly stated in the policy.
- Cost of land, livestock

**Occupancies as per erstwhile Tariff are covered under the Fire Policy, few of the occupancies are as follows:**

Residential premises	Hospital	Shopping Mall/Multiplexes
Offices	Educational Institutes/School	Storage Units
Shops	Manufacturing Units/Factories	Electronic Software Parks
Hotels	Co-operative Societies	Engineering Workshops

### Scope of Cover

**Perils covered are as under:**

- Fire • Lightning • Explosion/Implosion • Impact Damage by rail/road vehicle not owned by Insured
- Riot, Strike, Malicious Damage
- Storm, Flood, Inundation, Tempest, Typhoon, Hurricane, Tornado, Cyclone including Earthquake
- Landslide, Rockslide, subsidence • Damage by Aircraft and any aerial article dropped therefrom
- Missile Testing operation • Bursting and Overflowing from Water Tanks and Pipelines
- Leakage from Sprinkler Installation • Bush Fire

**Broad Exclusions Applicable are as under :**

- Excess mentioned in the Policy
- Natural heating OR spontaneous combustion
- Burning of Property by Order of Public Authority
- Damage to Boilers from their own explosion, implosion, centrifugal forces
- Electrical short circuits, breakdown
- Pressure waves of an aircraft
- Damage to bullion or unset precious stones, any curios or works of art for an amount exceeding Rs. 10,000/-, manuscripts, plans, coins, stamps etc unless otherwise expressly stated in the policy.
- Earthquake, Volcanic Eruption or other convulsions of nature • Terrorism Damage • War group Perils
- Nuclear contamination, radiation
- Pollution and contamination
- Expenses in excess of 3% of Architect, Surveyor or consulting engineer fee and 1% of Debris removal claim
- Loss of earnings, loss by delay, loss of market or other consequential or indirect loss.
- Property removed from premises except machinery temporarily removed for repairs, cleaning, renovation etc for not > 60 days

# PROPERTY INSURANCE

## **Add On covers available as under ( Subject to additional Premium):**

- **Architect, Surveyor, Consulting Engineers Fees (in excess of 3% of claim amount)** – Maximum limit can be covered upto 7.5% of claim amount
- **Removal of debris (in excess of 1% of claim amount)** – Maximum limit can be covered upto 10% of claim amount
- **Impact Damage due to Insured's own Rail / Road / Vehicle / Fork Lifts / Cranes and like articles dropped there from**
- **Escalation** – This add on covers increase in Sum Insured due to escalation of value. Maximum limit available is only upto 25% of BMA (Building Machinery Accessories) sum Insured. This is not applicable on stock sum insured
- **Spontaneous Combustion** – This add on is applicable when there is presence of stock that are susceptible to such loss e.g. coal, bagasse etc.
- **Omission to Insure** – additions, alterations or extensions (maximum upto 5% of fixed assets sum insured (not applicable for stock) – This is to provide automatic cover to the assets capitalized after inception of the insurance policy where Insured fails to intimate insurer within reasonable time to endorse in the policy.
- **Loss of rent** – Following insured loss to the insured property/building which was given on rent, stops generating rent revenue to the Insured. The said loss can be recovered under this add on. Insured has to provide the limit per month and the total duration required at the time of taking the policy.
- **Additional expenses of rent for alternative accommodation** – Following an insured loss to the Property/Building, the insured has to vacate the said premise and shift to alternate accommodation. The difference of rent can be recovered under the policy under this add on . Insured to provide expenses limit per month and requisite duration to be declared at the time of taking policy.
- **Shut Down and Start up Expenses** – This add on covers any expenses incurred by either to shut or start up activities on Insured's business following an insured loss.
- **Sue and Labour Charges** – Following insured loss, this add on covers the reasonable expenses being incurred by the Insured in their efforts to recover safeguard or preserve the Property Insured
- **Employee Personal Property** – Coverage to employee's property in the Insured's premises damaged due to Insured peril, upto per employee limit and provided the same is not specifically insured
- **Accidental Damage** – Covers property destroyed or damaged by Accidental External Damage subject to the exclusions mentioned under this add on
- **Modification cost/Incompatibility expenses** – Covers modification cost to bring parity between replaced or repaired equipment and undamaged equipment
- **On Account of Payment Clause** – For undisputed claims, payment on account of any loss will be made to the Insured, at stage mutually agreed upon.
- **72 Hours Clause** – Each loss by NATCAT peril within a 72 hour period shall be deemed to be one loss insofar as the Total Sum Insured and deductible provisions of this policy are concerned
- **Immediate Repair Clause** - Following an Insured loss, Insured's discretion to take up repairs pending survey.
- **Terrorism Cover**

## **Forms of Policy:**

**a) Single year Policy. Generally, all the Fire policies are with 12 months duration**

**b) Long Terms Fire (LTF)**

- This policy can be issued to individual residential owners only
- Policy can be issued for a minimum period of 3 years or more upto 20 years
- Insured need to pay entire premium for the whole policy period in advance
- There are 2 options to choose from:
  - Fixed sum insured for the entire policy period
  - Sum insured with facility of escalation in sum insured @ 10% per year Coverage remains as per SFSP policy including Earthquake cover.



# PROPERTY INSURANCE

## c) HomeShield

- Comprehensive All Risks Cover for Dwellings only
- Accidental loss or damage to House structure, Household contents, Valuables, Work or Art, Jewellery, Portable equipments, etc...
- Policy period can be from 1 year up to 5 years

SCOPE	COVER DETAILS	SUM INSURED LIMIT
Building Structure	Option I- Agreed value Option II- Reinstatement Value basis Option III- Indemnity basis (with depreciation)	Option I- Value as per Ready Reckoner or Reg. Agreement value whichever is higher. Option II- Cost of construction Option III- Cost of construction less depreciation
Contents excluding portable equipments	Option I- Replacement Value basis Option II- Indemnity basis (with depreciation) Cover available upto 10yrs old items. Extension for Higher SI is available (with condition of avg for entire content SI)	10% of Agreed value or 50% of reinstate SI or indemnity SI upto max of 25 lacs (contents only policies) with waiver of condition of avg. There is a provision of Auto-reinstatement of SI after the claim.
Jewelry & Valuables (Optional cover)	Market Value basis. Extension for worldwide coverage is available	The maximum SI will be 20% of Contents SI
Painting, Curios & Work of art (Optional cover)	Based on the Valuation Report of Government approved valuer	SI will be on Agreed value The maximum SI will be 20% of Contents SI
Portable Electronic Equipments (Optional cover)	Cover available upto 10 yrs old equipments Extension option for Worldwide coverage available.	Sum Insured shall be equal to the cost of replacement of the insured property by new property of the same kind and same capacity.
Escalation option for Building (optional)	It shall allow automatic regular increase in the Sum insured throughout the period of the policy.	Escalation up to 25% on base SI
Rent for alternative accommodation (Optional)	It pays for alternative accommodation following loss, maximum upto 24 months.	Option I- 0.5% of building sum insured Option II- 0.3% of building sum insured
Hotel Stay (optional)	The period of indemnity is limited to 15 days	Sum insured limited upto 0.05% of Building Sum Insured, maximum upto Rs. 15000/- per day
Loss of rent (optional)	This covers up to a maximum period selected by insured subject to a maximum period of 24 months	The Company's liability shall not exceed 0.3% of Building SI subject to maximum of Rs. 30,000/- as specified in the Schedule.
Expenses of shifting to alternate accommodation (optional)	This covers actual expenses incurred by the insured for packing, unpacking and transportation of the insured's possessions/ dwelling contents to the alternative accommodation	The Company's liability shall not exceed 0.5% of Building SI subject to maximum of Rs. 50,000/- as specified in the schedule

# PROPERTY INSURANCE

SCOPE	COVER DETAILS	SUM INSURED LIMIT
Emergency Purchases (optional)	It covers expenses incurred by the insured towards emergency purchases	Up to Rs. 20000/- or the actual whichever is less.
Keys and Locks replacement cover (optional)	Covers cost of replacing any such lock with one of similar quality	Upto maximum of Rs. 20,000/- or the actual whichever is less
Public Liability Cover (optional)	Covers those sums that the insured becomes legally liable to pay, including litigation expenses	Upto the sum insured as specified in the schedule
Brokerage for Alternate Accommodation (Optional)	The brokerage payment towards alternative accommodation on rent.	Actual expenses incurred by the insured up to maximum of Rs. 50,000/- or one month rent whichever is less
Pedal Cycle (Optional)	Section I- Loss or Damage Section II- Liability to Third Party	Replacement cost up to the limit of the sum insured set against the item in the policy schedule

## Home Shield – USP

- Coverage for Bldg & Content on “All Risk” basis
- Agreed Value based for Bldg- Higher of Agreement value or ready reckoner rate
- Escalation add on for bldg on Agreed Value
- Coverage for Content upto 10 lakhs with waiver of under insurance.
- Coverage for Jewellery w/o valuation certificate
- Worldwide extension for Jewellery & PEE cover
- Unique optional covers as stated above
- Building can be covered on Agreed Value Basis for period of 5 years
- Flat excess of Rs.5000 each and every claim
- There is a provision of Automatic Reinstatement of Sum Insured for contents after settlement of a particular claim without any additional premium
- Condition of Average will not be applicable where the insured has opted for policy on Agreed Value Basis for Flat/Apartment and Content’s cover on first loss limit basis
- There is a special discount on Salaried Class Persons

## General Exclusions

- Compulsory deductible of Rs. 5000/- for each and every claim
- Any loss due to war and allied perils
- Loss due to nuclear fuel, weapon
- Damage caused by pollution or contamination Loss due to structural defects, defective workmanship
- Loss for which the manufacturer is responsible.
- For further exclusions, refer policy wordings

# PROPERTY INSURANCE

## d) Business Suraksha ClassiK (BSC)

This is a package policy designed where around 12 sections are covered under one policy, the same can be issued to individual owner of the property and any of the Manufacturing setup as per the tariff Occupancy list. Sections are as below:

- Standard Fire and Special Perils
- Fire Loss of Profit Insurance
- Burglary and Housebreaking
- Money Insurance (Money in transit / Money in Safe and Money at counter)
- Portable Electronic Equipment
- Infidelity / Dishonesty of employee
- Plate Glass
- Neon Sign
- Baggage Insurance
- Machinery Breakdown
- Electronic Equipment Insurance
- Public Liability

### How this product is different from market:

- Around 140+ occupancies are offered on pre-underwritten
- Competitive price under all sections
- Pricing flexibility
- Product is available on POS
- Sections are extended on pre- underwritten basis (BSC)
- Sum Insured upto 50 crs under Fire section on pre-uw basis
- Only Fire section is mandatory & any one section from rest 11 sections can be selected
- Each section has respective extensions which can be opted as per requirement of insured.
- System generated quote cum proposal form. Hence no need to fill separate Proposal form.
- System based real time cover binder
- Excel based pre-underwritten raters also available

### Underwriting Information Required :

- Name and address of the insured
- Business of insured – Manufacturing / Trader / Transporter / C&F Agent etc
- Occupancy of the risk – please provide following details for manufacturing risk:
  - Raw material used
  - Process involved in manufacturing
  - Finished goods being produced
    - ♦ If Chemicals are also used, then lowest flash point of any chemical to be shared
    - ♦ For Storage only units list of items stored in the premises to be shared. Also need to confirm whether premises is in sole use of the insured or on shared basis
- Risk location address with pin code
- Sum insured bifurcation (Building / Plant and Machinery / Stock / Furniture Fixtures Fittings etc)
- Coverage (including add on covers required) details to be specifically mentioned
- Loss History for past 5 years
- Details of Fire Protection arrangements (Fire / Smoke detection and Fire fighting equipments installed in the premises to be insured)
- Basement exposure: if exist then following points:
  - Use of basement (Parking and Utilities / Storage / Manufacturing etc)

# PROPERTY INSURANCE

- Value of property in basement
- Details of assets in basement
- Entry of basement from surrounding ground level (whether from ground level or entry is elevated from ground level)
- Fire fighting arrangement in basement
- Dewatering arrangement in basement

## Basis of Underwriting on Selection of Risk

- Occupancy (Finished goods / Final product being produced)
- Loss experience for 3 to 5 years
- Risk Location
- Fire safety arrangements
- Basement exposure and its usage
- Value of Stock Vs Other assets i.e. Building, plant and Machinery, FFF etc.
- Whether premises in sole use or used on shared basis
- Whether entire setup is in single block or in different segregated blocks

## Points to Ponder

### How to arrive at Sum insured

- **Reinstatement Value (RIV):-** This is applicable to only Fixed Assets i.e. Building, Plant and Machinery, Furniture, Fixtures, Fitting. It is the cost of replacement / reinstatement of the existing property by a new one in the current date (New for Old). For example, if a building is 10 years old and expenses incurred at that time are 25 Crs. If we have to reconstruct the same building with same type of structure and interior, we might have to incur 30 Crs considering the current time. In such case RIV cost considered is 30 Crs. Fire policies for BMA (Building Machinery Accessories) are issued with Reinstatement Value Clause
- **Market Value / Depreciated Value:-** This is arrived at by deducting depreciation as per age of the asset which is applied on the reinstatement cost of the assets. In above example, if building is 10 years old, RIV is INR 30 Crs, and then depreciated value would be approximately 22.5 Crs. While BMA is always insured on RIV basis but stock to be insured on market value basis i.e. cost of manufacturing / acquisition of the stock
- **Under Insurance:** Sum Insured in the policy should be adequate. If at the time of loss, if it is found that sum insured is less than actual value of the property, in such case in the event of loss, claim payable will be reduced in the same proportion. For example – if Sum insured is INR 15 Crs and value of the property is INR 30 Crs – means insured has taken insurance for 50%. And any loss payable will be reduced by 50% of the loss on account of under insurance.
- Partial insurance or selection of the property is not allowed

# PROPERTY INSURANCE

## Preferred Segments:

High Preferred Risks	Medium Preferred Risks	Less preferred Risks	Declined Risks
Dwelling, School, College, Office Premises, Shops, BPO/Call Centre, Restaurants /Hotel , Electronic Software Development Units, Analytical / Quality Control Laboratories, Engineering Workshop and many more as per pre-underwritten rater and POS	Cinema Theatre, Bakeries, Cable Mfg, Flour mills, Biscuit Factories, Distilleries, etc.	Standalone storage CAT – 1, Man-made fibre manufacturing, Shop dealing with hazardous goods,	Transporters Godown, Leather Goods Manufacturing, Cold Storage, Oil Extraction, Ceramic and Granite Factories, Chemical Manufacturing (less than 32 Degree), Plastic Manufacturing, Rubber Manufacturing, Textile Mills, Paint Manufacturing, Paper Manufacturing etc

## Various Other Clauses

- **Agreed Bank Clause:** Policies where Bank or Financial Institution's interests exist, the policies shall be issued with Agreed Bank Clause which protect the financial interest of the Insured as well as the financial institution
- **Designation of Property Clause:** For details of the insured property, insurers agree to accept the designation under which the property has been entered in the insured's books of accounts / Fixed Asset Register
- **Local Authority Clause:** Reinstatement Value Policy may be extended to cover additional cost of reinstatement solely by reason of the necessity to comply with the regulations of local authority by incorporating the said clause in the policy.
- **Floater Clause:** Floater Policy can be issued for stocks at various locations under one Sum Insured. All the locations to be specifically declared. NATCAT rate would be the highest rate applicable with additional loading of 10% of fire rate
- **Declaration Clause:** To take care of frequent fluctuations in stocks/stock values, Policy can be issued with declaration clause. When insured wants to insure finished stock and value of stock keep fluctuating over a period of time, this clause helps insured to rationally pay premium

## Various Processes

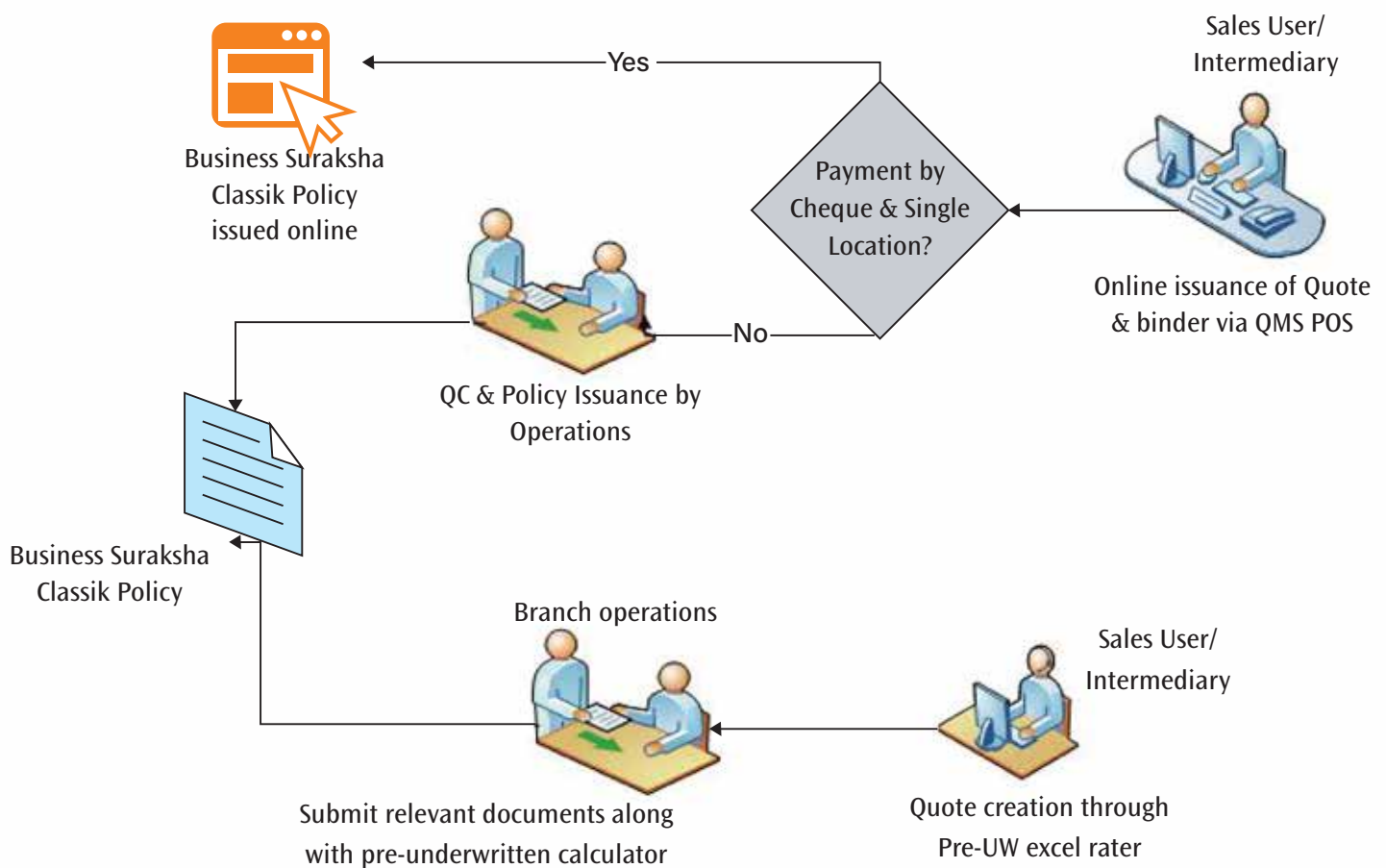
### Business Sourcing and Binding

- **Through Pre-underwritten Raters**
  - ♦ There are few occupancies which are already approved under pre-underwritten rater with pre-defined sum insured, discount, sections and other terms and conditions
  - ♦ Intermediary or Sales Manager can generate a quote through excel based pre-underwritten rater which are very easy to understand
  - ♦ Bound quote version to be printed and to be counter signed/stamped by the Insured
  - ♦ Singed quote and cheque copy to be submitted in the nearest HDFC ERGO office for policy issuance
  - ♦ Any other documents e.g. PAN card, annexure details to be submitted along with the quote document

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- **Through SME POS**

- ♦ This is Point of Sales (POS) system where one can issue a quote, a cover binder as well a policy.
- ♦ POS link, user login ID and password is provided to Intermediaries
- ♦ Proposal details are to be feeded in the system directly which can generate quote, cover binder and the policy too.
- ♦ Flow chart of the process is as below
- ♦ Bankend papers to be submitted in the office for the sake of good record.



**UW Structure and UW Escalation Matrix – Applicable to all LOBs for SME.**

There are different set of Underwriters for Property & Engg, Marine and Liability

Level	To be Contacted ( LOB Wise)
SME	UW Branch SME Underwriter
1st Level	State SME Underwriter
2nd Level	Regional Underwriting Head/Regional Manager

# PROPERTY INSURANCE

## Claim Process

- Intimation to the insurance company to be done by calling our Customer Support no. 022- 6234 6234/0120- 6234 6234 or by E-mail on care@hdfcergo.com to register the claim at the earliest with the details of the nature of loss, location of loss, amount of loss(approx) and policy number for reference.
- Intimation to the insurance company in writing / at call centre
- Insurance company depute a surveyor to assess the cause of loss and extent of loss
- Surveyor is supposed to verify that the insured has complied with the warranties of the policy
- Surveyor is also supposed to compare the value of property insured (Sum insured in the policy) V/s value of the insured property. In case it is found that the sum insured (A) is less than the actual value of the property(B), then insured has to bear loss in the same ratio as A and B has.
- Following documents would be required to be produced by insured:
  - ♦ Duly completed Claim Form
  - ♦ Proof of Ownership / Insurable Interest
  - ♦ Proof of Loss / Damage and cause of Loss
  - ♦ Fire Brigade Report – for Fire loss
  - ♦ Proof of / Bills for Repair / Replacement of Damaged Property
  - ♦ No objection (NOC) from the Bank / Financial Institution, if the property is having financial interest of any such institution, if applicable
  - ♦ Any other document, as per type and cause of loss
- Basis above details, surveyor release the survey report
- Basis survey report and other documents submitted by insured, settlement of the loss is processed by the insurance company
- In case final settlement of loss is more than 1 Lakh, then KYC documents are also required to be submitted to the insurance company

## 2) MISCELLANEOUS SECTIONS (OTHER SECTIONS UNDER BUSINESS SURAKSHA PACKAGE POLICY)

\*For Business Suraksha Classik policy, **SFSP section and any one section out of 11 sections are compulsory.**

### Burglary and Housebreaking Insurance

- Loss or damage to property due to burglary or house-breaking (theft following upon an actual forcible and violent entry of and/or exit from the premises) or hold-up
- Damage caused to the building premises due burglary and/or housebreaking or any attempt up to 5% of the Sum Insured for all contents.
- Sum insured should be similar to the sum insured in Fire policy (less Sum Insured for Building).
- Standalone Burglary policy (without having SFSP Policy) is not a preferred segment.

### Money Insurance

- Money in Transit - Covers Loss of money in transit by authorized employee(s) due to robbery, theft or any other fortuitous cause. Insured need to provide Annual cash carrying limit and also maximum limit of carrying cash in single event
- Money in Safe - The section covers loss by burglary or house breaking, robbery or Hold Up whilst money is retained at the Insured's premises in safe(s) or strong room. It is a condition that after office hours, cash must be shifted into a "safe" / Strong Room / made of Steel / Iron within insured premises. Basis of sum | insured is the maximum value that Insured wish to cover
- Money at Counter – Covers loss / theft of money from cash counter during business hours from the cash collection counter in the office /insured premises. Basis of sum insured is the maximum value that Insured wish to cover

# PROPERTY INSURANCE

## Portable Electronic Equipment Insurance

- This section of BSC policy covers portable equipments e.g. laptop and similar items against any loss, destruction or damage by Fire, Riots and strikes, Theft by visible physical forcible and violent means and accidental occurrence unless excluded specifically
- Policy will not cover loss of damage to property left unattended / mysterious disappearance
- Item wise list with make, model, serial number, value of each insured item to be provided for quote / policy
- Policy can be extended to provide worldwide cover as well
- In case of a total loss to the equipment, depreciation will be deducted from the final amount of loss settlement. However, in case of a partial loss to the insured item, depreciation is not deducted

## Plate Glass Insurance

- Covers loss or damage to the Plate glass completely and securely fixed in the insured premises by accidental means
- All fixed plate glass in the building need to be insured, without selection

## Fidelity Insurance

- Covers direct financial loss owing to infidelity / fraud or dishonesty of the employee
- Cover is allowed for only permanent / on roll employees of the firm
- Cover may be on
  - ♦ Named Basis OR
  - ♦ Designation basis OR
  - ♦ Unnamed basis
- Limit per employee and Total limit during policy period to be provided

## Baggage Insurance

- Section covers accompanied personal baggage of the insured so lost, destroyed or damaged by fire, Riot and Strike, Theft or Accident
- Cover is available whilst the insured is on tour and/of on holiday
- Limit per event or per employee and Total limit to be provided

## Machinery Breakdown Insurance

- Cover against all kinds of Accidental Electrical and Mechanical Breakdown
- Causes can be either external or internal
- Cover in force at all stages, while the machine is in operation or at rest, during the process of dismantling overhauling or during subsequent re-erection at the same premises
- List of such items along with the YOM, make , model to be given at the time of policy binding stage

## Coverage

Internal Causes	External Causes
<ul style="list-style-type: none"> <li>♦ Faulty Material</li> <li>♦ Defects in casting</li> <li>♦ Faulty construction of parts</li> <li>♦ Short circuit</li> <li>♦ Faulty erection</li> <li>♦ Disruption due to centrifugal forces</li> <li>♦ Failure of operations of safety devices.</li> </ul>	<ul style="list-style-type: none"> <li>♦ Lack of Skill</li> <li>♦ Carelessness</li> <li>♦ Falling bodies</li> <li>♦ Electrical overpressure</li> <li>♦ Failure of other connected machinery</li> <li>♦ Foreign objects</li> </ul>



# PROPERTY INSURANCE

## Exclusions

- Loss or damage to named items, exchangeable tools, object made of glass, porcelain, ceramics, all operating media, heat resisting and anti-corrosive lining, packing material, parts not made of metal etc...
- Damage due to any cause for which the manufacturer/supplier is responsible
- Overloading experiments and testing requiring abnormal condition
- Gradually developing flaws
- Willful act or gross negligence
- Defects at the time of commencement of insurance which the insured is aware
- Consequential Loss
- Fire and Allied Perils
- War and Like Perils

## Electronic Equipment Insurance

- List of such items along with the YOM, make, model to be given at the time of policy binding stage
  - ♦ Electronic Data Processing Machine
  - ♦ Telecommunication Equipments
  - ♦ Transmitting and receiving installations
  - ♦ Material Testing and Research Equipment
  - ♦ Electro Medical Installations
  - ♦ Signal Transmitting Units

## Coverage

Cover against all unforeseen and sudden physical loss or damage subject to named exclusions

- Cover comprehensive enough to take care of ;
  - ♦ Fire, lightning, explosion
  - ♦ Damage due to smoke, soot, corrosive gases, dust
  - ♦ Damages due to water and humidity
  - ♦ Electrical and mechanical breakdown
  - ♦ Human Errors like faulty/Careless/negligent operations
  - ♦ Riot, strikes, malicious damage and terrorism
  - ♦ Theft and Burglary
  - ♦ Natural calamities like flood, Inundation, Storm, Cyclone, Earthquake.
  - ♦ Subsidence, Land-slide, Rockslide

## Exclusions

- War and similar risks including nuclear reactions radiations and radioactive contaminations
- Normal wear and tear, cavitation, erosion, corrosion, gradual deterioration due to atmospheric conditions
- Defects existing at the time of taking insurance within the knowledge of insured or his representatives
- Damage for which the manufacturer or supplier is responsible either by Law or contract
- Willful acts or gross negligence of insured or of his responsible representative
- Damages for which Third Party is responsible by Law or Contract
- Aesthetic defects such as scratches on painted, polished or enameled surfaces.
- Damages to bulbs, valves, tubes, ribbons, fuses, exchangeable tools, engraved cylinders, objects made of glass, porcelain, ceramics, any operating media e.g. lubricating oil, fuel chemicals
- Consequential Loss of any kind

# PROPERTY INSURANCE

## Extension Covers

- External data media covered against same perils as for equipments
- Coverage limited to the cost of external data carriers (Punch cards Paper tapes, magnetic tapes, discs etc.) as also cost of reconstruction of data therein
- Increased cost of working in the form of cost incurred to ensure continued data processing on substitute equipment Special Warranties
- Policy subject to Maintenance warranty that the Maintenance Agreement in force at inception should continue during the currency of policy
- Maintenance includes
  - ♦ Safety checks ♦ Preventive maintenance
  - ♦ Rectification of loss or damage or faults arising from normal operation as well as from ageing

## Special Warranties

- Policy subject to Maintenance warranty that the Maintenance Agreement in force at inception should continue during the currency of policy
- Maintenance includes
  - ♦ Safety checks
  - ♦ Preventive maintenance
  - ♦ Rectification of loss or damage or faults arising from normal operation as well as from ageing

## Neon Sign Insurance

- Coverage is for All Risk Basis
- Property covered Neon & Illuminated Signs, boards, Hoardings & other related equipments
- List of such items along with the value to be declared as sum insured under this section

## Public Liability Insurance

- Coverage against legal liability in respect of accidental death or bodily injury to a third party or accidental damage to their property during performance of any act in connection with insured's business
- Limit per accident (AOA) and Limit per Year (AOY) to be incorporated in the policy

## Fire Loss of Profit Insurance

- In the event of loss or damage due to perils covered in SFSP policy where the insured is unable to produce goods and there is loss of profit. The same shall be covered by this policy
- Insured must have SFSP policy covering same assets with same insurer before taking this insurance policy/section
- Acceptance of claim under Fire section is pre-requisite before the claim is acceptable under FLOP section
- Insured also need to choose "Indemnity period" – period which is equal to the expected time to be taken by the insured to back to the situation prior to loss
- Indemnity Period can be 3 months / 6 months / 9 months / 12 months / 18 months
- In case indemnity period is less than / equal to 12 months, Annual Gross profit will be the sum insured. However, if the indemnity period is more than 12 months, Sum Insured would be equal to the gross profit for the duration of indemnity period. E.g. for Indemnity Period of 18 months, AGP – 10 crs, Sum Insured would be 15 crs
- Sum insured under FLOP is required to be equal to Gross Profit (Net Profit + Standing Charges) expected to be earned during indemnity period.
- Premium to be charged on the sum insured, rate would be based upon the main Fire policy/section

# PROPERTY INSURANCE

## Frequently Asked Questions (FAQs)

- **Who can take a Fire Policy?**

Ans: Legal owner of the property. If the property is owned by two or more persons in joint name, name of all the owners to appear under Insured. Financier can also take the insurance. Policy to be issued in the name of actual owner and interest of the financier to be protected under agreed bank clause. Loss would be payable to the named financier, the same can be paid to the Insured subject to NOC from the Financier. A tenant can also take the insurance covering only the contents belonging to him

- **In case insured property is sold to other owner, will this insurance policy be transferred in the name of new owner?**

Ans: NO. Insurance policy has to be cancelled and refund, if any, to be allowed to the insured. New owner has to take a fresh insurance cover.

- **In case of death of the owner of the property, it is inherited to the legal heir. Will this insurance policy remain operational in the name of new owner?**

Ans: Yes, in such a case, by providing relevant documents in this regard, it may be transferred in the name of legal heir.

- **Cost of construction of house is INR 50 Lakhs. I have spent additional INR 20 Lakhs on its furnishing and INR 4 Lakhs on Stamp Duty for registered agreement. How much do I take as sum insured in the policy for cover on reinstatement Value basis?**

Ans: INR 74 Lakhs

- **I am living in an apartment, where the housing society has taken a Fire insurance cover for all the flats. Due to earthquake, there is some cracks in walls of my flat. Can I claim the repair and repainting charges in this insurance cover.**

Ans: Yes, Insurance arranged by the society is on behalf of all the owners of individual flats and each such individual can claim for damages to their houses / building due to the event covered in the insurance policy. This is subject to the condition that as per written agreement between you and the Society, this insurance is arranged by the society.

- **Due to heavy wind (storm), glass panes of window of my house have broken. Is it an event insured in the SFSP insurance policy?**

Ans: Yes, storm is an insured perils in SFSP.

- **My house is badly damaged and now repair work is going on. It will take at least 6 months time. Now we have to shift to a rented accommodation @ INR 20,000/- per month rent. I have taken additional rent cover under SFSP policy with a limit up to Rs. 35000/- per month for 12 months. How much reimbursement will I get under this extension ?**

Ans: You will get the actual difference between the rent you ought to pay in the original accommodation and the rent you will pay in new accommodation, on production of relevant proofs.

- **Due to termite, furniture at my house is damaged, as I have insured furniture in SFSP policy, how do I claim the amount for such loss.**

Ans: SFSP policy provides coverage for losses occurring due to the events mentioned in the insurance policy, which doesn't include termite. This loss will not be covered in the insurance cover. For my bungalow/ independent house, I have given single value as sum insured.

- **Do I need to give bifurcation of values for building, boundary walls, plinth, internal roads etc?**

Ans: No need to give separate bifurcation for each such item. All permanent civil structure within boundary walls of your independent house are covered. But you should indicate broadly what all items / components included in building – such as plinth and foundation, compound wall, Electrical fittings, Fixed Glasses etc.

- **While doing renovation at home, if the home building collapses, will it be covered in this insurance policy?**

Ans: No. Any incidence which is caused by the events as mentioned in the insurance policy is only covered

# PROPERTY INSURANCE

- **What are the possible deductions from a claim in case of a loss in SFSP policy?**

Ans: Deduction from a fire claim is on following accounts:

♦ Depreciation, ♦ Salvage, ♦ Under insurance / Average clause, ♦ Deductible and

- **Boundary Wall of my factory is damaged because a truck passing on road outside society lost control and hit the wall. Please confirm if I will get a claim under Std. Fire Policy.**

Ans: Yes, it will be paid under coverage – Impact damage due to impact by any Road vehicle not belonging to insured

- **There is a fire in next building to my house, and my house is also damaged in that fire. Will my policy cover damages to my house due to fire.**

Ans: Yes, as cause of loss is Fire.

- **There was a Fire loss in a shop and insured takes out the stock and keep it on the roadside. Passerby people takes away few of the items. Will Fire policy cover this loss due to theft?**

Ans: No. Fire policy does not cover loss due to burglary / theft followed by Fire. It covers direct, visible physical damage or destruction by events as mentioned in the insurance policy.

- **Due to heavy rains, water enters the storage place from ventilation, due to which stock is damaged due to water falling on the stock. It is covered in Fire Policy..?**

Ans: Claim is not payable because loss due to rain is not covered.

- **There was damage to server room because of leakage from sprinkler system costing Rs. 100,000/-. Office has fire policy with adequate sum insured. Confirm if amount of claim payable under policy**

Ans: Yes. Damage to sever room is payable but cost involved in removal or repair of sprinkler system is not payable

- **Can I opt for a Fire policy without covering Riot, Strikes Malicious Damage cover?**

Ans: Yes, insured can opt out RSMD cover from Fire Policy / Section.

- **Half portion of chemical factory is completely destroyed because of boiler explosion resulting into fire. Company has a fire policy with adequate sum insured. Confirm if claim is admissible under SFSP policy.**

Ans: Yes. Claim is admissible under SFSP policy to the extend of fire loss but policy will not cover the replacement or repairing cost of boiler and damage to surrounding insured's property (other than fire) because of boiler explosion.

- **There was a burglary in shop by damaging the wall. Insured has the valid burglary policy for shop contents including stock. Confirm if insured can claim for repairing charges of damage wall.**

Ans: Yes. Damage to wall is covered under burglary policy to the extent of 5% of policy sum insured Some one has stolen the bag (carrying money) from hands of account employee while he was on the way to bank for depositing day's collection.

- **Shop owner has taken package policy which cover money section too. Can shop owner claim for this loss.**

Ans: Yes, if policy covers cash in transit under money section.

- **There was theft of laptop while kept in car's boot which was properly locked. Company has taken PEEI policy for all its laptops which was given to employees for their official work. In this case can company claim for this loss as laptop was stolen when employee is outside the office premises.**

Ans: Yes, the claim can be admissible as this policy is generally covers risk location as Anywhere in India or anywhere in the world.

- **Due to some mechanical breakdown company's central air conditioning unit was partially damaged. Confirm this type of loss covers under which section of BSC policy.**

Ans: Business Suraksha Classik Insurance with MBD section / Standalone Machinery Breakdown Insurance

- **Office glow sign collapses and fell down on the car of some third party. Whether BSC policy has provision to cover this liability..**

Ans: Yes, Public Liability section of BSC policy cover this liability



# ENGINEERING INSURANCE



# ENGINEERING INSURANCE

## INTRODUCTION

### Engineering policies are mainly divided into :

- Project Policies which are project specific : Contractors' All Risk Insurance (CAR) & Erection All Risk Insurance(EAR)
- Annual Policies which are for the period of 12 months: Electronic Equipment Insurance(EEI), Machinery Breakdown Insurance (MBD), Boiler Pressure Plant Insurance(BPP) & Contractors' Plant and Machinery Insurance

### 3) PROJECT POLICIES : CONTRACTORS ALL RISK(CAR) / ERECTION ALL RISK(EAR)

In a project where the construction sum insured is more than 50% , for such policies CAR policy would be issued. And the project where Plant and machinery sum insured is more than 50%, for such policies EAR policy would be issued. Other terms and conditions i.e. scope of cover, exclusions, add-ons, underwriting considerations are more or less similar for EAR and CAR.

CAR Projects	EAR projects
Dwellings/ Residential Complex	Erection of Plant & Machinery i.e. lift
Factory Buildings / Sheds	Erection of Thermal Power Plant
Special Structures – Footover bridge	
Roads, Dams, Railways, Tunnels though these are under our declined risks	

### Policy Period

CAR Projects Period	EAR projects Period
Policy duration starts from the arrival of first consignment at project site	Policy duration starts from the arrival of first consignment at project site
It remains in force during storage at project site, handling/shifting at project site for installation	It remains in force during storage at project site, handling/shifting at project site for installation
During construction	During installation
Successful completion of the project	During testing of the machine
Cover ends on handing over the project to the principal or the policy period whichever is earlier.	Cover ends on handing over of the project to the principal or successful testing or policy period whichever is earlier
Policy can be extended if the project is not completed within stated policy period.	

### Who Can Take Insurance

- The principle /owner of the project
- The manufacturer or supplier of machinery if they are responsible for erection and commissioning
- The contractor commissioned for the erection & commissioning of the project
- The Financier

# ENGINEERING INSURANCE

## Scope of Cover

- Location related Perils / Events – Fire, Lightning, Theft, Burglary
- Risks / Events during handling of the insured material at site - Impact of Falling Objects, Collision, Failures of Cranes and Tackles
- Operational Perils - Failure of Safety Devices, Leakage of Electricity , Insulation Failure, Effect of Centrifugal Forces , Explosion & Implosion
- Human Elements - Negligence, Fault in erection, Malicious Damage , Riot & Strike, Sabotage
- Act of God Perils - Earthquake , Storm, Tempest, Flood and inundation, Subsidence, Rockslide / Landslide

## Exclusions

- Policy deductibles
- War, Invasion and like etc.
- Nuclear reaction, Radiation and Allied perils
- Willful act and negligence
- Cessation of work
- Act of Government
- First amount of loss - excess
- Loss discovered only at the time of taking inventory
- NORMAL WEAR & TEAR, GRADUAL DETERIORATION etc.,
- Faulty design
- Replacement or repairs to defective material or workmanship( limited to the item only)
- Cost of rectification of error unless results in physical loss or damage.
- Loss or damage to files drawings bills currency etc.,
- Penalties on account of non-fulfillment of the terms of contract.
- Loss or damage to vehicles licensed for general road use or water borne vessels or mounted on floating vessel. Excess stated in the schedule
- Expenses incurred under section i
- Liability consequent upon
  - ♦ Injury to workmen of contractor or principal or any other person connected with the project.
  - ♦ Loss to property belonging to the parties to the contract.
  - ♦ Accident caused by vehicle licensed for road use
  - ♦ Any agreement by insured to pay indemnity

## Underwriting Considerations

- Site factors - Earthquake Zone, Geological conditions of site, STRETCH OF SITE -weather bounded or cross country, Access to site, Communication factors
- Technology factors - Type of project Proven technology, Detailed engineering, design methodology, seismic and wind load analysis. Present condition of the project (If already started)
- Human factors - Reputation & diligence of the contractor, Previous experience of the contractor, Storing of materials & stores control, Labor relations, site house keeping , Safety measures & effectiveness of safety engineers
- Others- Duration of the project & exposure, Build up of values, Concentration of theft & pilferage at site

## Details required to Quote:

- Details of Principal Contractor/Sub Contractors
- Nature Of Project-Civil/Electro- Mechanical
- Exact Description of Project – complete scope of work to be shared
- Estimated Project Cost ( Total Contract Price including Cost of erection ,freight, duties, taxes paid)
- Location of Project/ Details of Project Site with postal pin code

# ENGINEERING INSURANCE

- Date Of Arrival of Material at site/Project inception Date
- Project Period- In Months
- No of Months for Which Testing is required (additional details for EAR Quote)
- Machinery- New /Second Hand (additional details for EAR Quote)
- Also- Supplies- Imported/ Indigenous (additional details for EAR Quote)

## Add-Ons Required With Limits under Project Insurance

- Earthquake ( compulsory)
- Terrorism
- Third Party Liability / Cross Liability
- Owner's Surrounding Property
- Removal of Debris
- Escalation
- Extended Maintenance
- Additional Customs Duty
- Air Freight
- Off Site -Storage if any-No of Months

## In Case Marine cum Erection All Risk Cover required as part of Projects

- Cargo Description
- Cargo- New / Second hand
- Total Sum Insured required / Basis of valuation
- for Imported Supplies
- for Indigenous Supplies
- Single Carrying limit / Per Bottom Limits
- Mode Of Transit
- Points in transit

## 4) ANNUAL POLICIES – CONTRACTOR’S PLANT AND MACHINERY (CPM)

### INTRODUCTION

This policy is intended to cover, the equipment or Machinery used at construction site or any other factory unit for material handling. Policy can be issued in favor of owner, contractors, financial institutions either singly or jointly.

<b>Material Handling:</b>	<b>Construction</b>
Fork Lift Truck	Bull Dozers and Road Rollers
Cranes	Loaders and Dumpers
Chain Pulley Blocks	Diving and Pile Driving Equipments
Conveyors	Handling Equipments,
	Site Power Generating Plants and Transformers
	Motors, Compressors and Pumps
	Escalators and Mixing Plants



# ENGINEERING INSURANCE

## Coverage

- Machinery/equipments covered for damage caused by all accidental and unforeseen situations of external nature
- Policy is on All Risks Basis subject to named exclusions
- Cover is in force when the insured item is at work, at rest or being dismantled for cleaning, overhauling or during subsequent re-erection

## Add- on Covers

- Third Party Liability
- Owners' Surrounding property
- Removal of debris
- Inclusion of Express Freight, overhead charges, overtime wages, air freight charges

## Exclusion

- Electrical or mechanical breakdown - but consequent external damage if any payable.
- Replaceable parts such as bits, knives, ropes, belts, chains etc...
- Transit from one location to another
- Willful negligence
- Loss observed during testing operation or when used for purpose other than designed for
- Excess Stipulated
- Consequential loss of any kind
- War and like perils

## Sum Insured

- Sum Insured for each item should represent the present day replacement value of a similar new item inclusive of freight, duty, taxes, cost of erection etc...
- In case of under insurance condition of average will apply for settlement of claim.

## Basis Of Claim Settlement

Repair at Repairer's works	Repaired at Insured's Works	Total Loss
All expenses incurred to restore the damaged machine to its condition immediately prior to accident plus all incidentals to the extent they are included in the sum insured.	If repairs are carried out in the Insured's own workshop, claim will be paid for cost of spares plus wages incurred plus reasonable percentage of overhead charges.	Actual value before the date of accident including expenses included in the sum insured. Such actual value arrived at by deducting appropriate depreciation from its present day replacement value of similar new item.

Intimation to the insurance company to be done by calling our Customer Support no. 022- 6234 6234/0120- 6234 6234 or by E-mail on [care@hdfcergo.com](mailto:care@hdfcergo.com) to register the claim at the earliest with the details of the nature of loss, location of loss, amount of loss(approx) and policy number for reference.



# LIABILITY INSURANCE



# LIABILITY INSURANCE

## 5) COMMERCIAL GENERAL LIABILITY INSURANCE

### INTRODUCTION

Increasing customer expectations, constant changes in technology, a growing awareness of the rights of consumers more than ever before, the business community is being challenged to ensure exacting standards of quality in its product and deliverables, with its wide coverage and extensive range of add-on options, HDFC ERGO Commercial General Liability Insurance is the ideal answer, providing the all-encompassing protection that any forward-thinking company requires.

### Why Commercial General Liability Insurance?

In today's uncertain world, technology and case law are constantly changing the liability landscape. This policy protection responds to exposures, some of which didn't exist 10 years ago. For example the rapid rise in the internet has dramatically increased the potential for libel, intellectual property and invasion of the right of privacy suits. Typical standard policies do not adequately respond to these contingencies. Consider these scenarios: A manufacturer of power meat slicers is sued by a third party alleging that the product malfunctioned, resulting in partial amputation of a right thumb and finger. The manufacturer is found liable. CGL would likely respond to the loss.

- A tenant in a condominium complex falls down an improperly lit interior stairwell and suffers significant injuries. The property owner is sued for negligence & found liable. CGL would likely respond to the loss

### Basic Coverage

Commercial General Liability cover offers the option of protection for bodily injury, property damage, advertising injury and personal injury to a third party for which a company is found to be legally liable. The policy can provide a separate advertising/personal injury to a third aggregate limit that is not subject to a general aggregate limit. This policy addresses a wide range of liability loss exposures, falling into two categories

- Premises and Operations Liability - Liability for conditions or activities arising out of the premises or operations of a company
- Products and Completed Operations Liability - Liability of a company to a user who is harmed by products manufactured, sold or distributed by the company

### Product Highlights

- Definition of personal injury includes discrimination, harassment and segregation (other than employment-related). When our global liability extension is purchased, the insured is protected against lawsuits brought anywhere in the world
- Under "Who is Insured", existing subsidiaries, including partnership, joint ventures and limited liability companies, can included as insured to the end of the policy period
- New subsidiaries or newly acquired organizations are afforded named insured status based on control of voting rights, regardless of the type of entity to the end of the policy period
- Personal and advertising injury protection can be extended to include liability assumed in a written contract
- Definition of bodily injury includes humiliation, mental anguish, mental injury and shock resulting from physical injury
- Definition of advertising injury includes trademark infringement
- Separate aggregate be purchased for products completed operations hazard that isn't subject to the general aggregate limit

# LIABILITY INSURANCE

## Optional Policy Extensions at Additional Charge

- Products-completed operations hazard
- Medical expense coverage
- Damage to premises rented to you
- Sudden and Accidental Pollution Liability (excluding USA and Canada)
- Coverage for additional insured when required by written contracts
- Advertising Injury and Personal Injury Liability coverage
- Vendors' Endorsement
- Oral and Written Contractual Liability: Bodily injury or property damage

## Others

- Scalable Options - HDFC ERGO's CGL can be purchased either packaged with our Forefront Portfolios or Monoline Cover
- General Liability - With products-completed operations hazard Without products-completed operations hazard
- Policy Form - Claims made Trigger or Occurrence Trigger
- Defence Cost - Defence within limits Defence outside limits
- Coverage Territory - Worldwide (excluding USA and Canada) India only

## Preferred & Non - Preferred Risk Segments

Preferred Risk Segments	Non- Preferred Risk Segments
Hospitality	Pharmaceuticals, Drugs, Medicines
Manufacturing	Chemical (For Products)
Consumer Markets	Aircraft and Airport Liability
Construction	Mining and Underground Works
IT/Financial	
Food Industry	
Textile	
Steel	
Education / Training	

## Systems Available

- Quote can be issued through SME POS upto INR 5 Crores (excluding Product & Completed Operations)
- Pre – underwritten excel rater upto INR 2 Crores (excluding Product & Completed Operations)
- For balance cases, RFQ has to be sent to Local Line UW

## USPs

- Highly experienced Underwriting team
- Backed up by Munich re (Rated as A+ by AM Best)
- Dedicated experienced in-house Claims Team
- Competence of offering Worldwide Jurisdiction

# LIABILITY INSURANCE

## Service and Strength

With HDFC ERGO global extension, you can be confident that the company's overseas operation are protected whether in Ireland, Melbourne, Milan or Brazil. We can insure domestic and foreign exposures under our policy, including protection against any differences in conditions and/or limits contained in policies issued in a foreign country. At HDFC ERGO, we deliver more than just insurance products. Our loss control professional are experience in making risk assessments and proposing practical reeducation to help mitigate or prevent losses. Our claim service is legendary in the industry. Should a loss occur, our exceptional claim service is available anytime, anywhere through a 24/7 Customer Service No: 022 - 6234 6234 / 0120 - 6234 6234 or via our web site at [www.hdfcergo.com](http://www.hdfcergo.com) With the global network of-claim adjusters, we can respond to a claim anywhere in the world. Reputed brand name combined with professional underwriting expertise and exemplary claim service, means that you can count on HDFC ERGO to be there when you need us most.

## 6) SIGNATURE MANAGEMENT LIABILITY

### Scope of Cover

Signature Management Liability Policy offers protection against such circumstances tailor made to suit the customer needs.

- Directors and Officers Liability Coverage
- Company Reimbursement Coverage
- Securities Coverage
- Legal Representation Expenses - Directors and Officers
- Legal Representation Expenses - Company Reimbursement

### Who is protected?

- All Directors (past, present & future)
- All Officers (employed in an executive capacity)
- Company Secretaries
- Spouse, Legal Heirs & Representatives

### Key Exclusions

- Pending or prior litigation, demands or judgments
- Circumstances notified under a prior insurance policy
- Bodily Injury or property damage claims
- Any U.S.A claim brought by any organization or any outside entity, if arises out of an outside Directorship
- Deliberately fraudulent act or omission or any willful violation or breach of any law by an Insured Person
- Deliberately fraudulent act or omission or any willful violation or breach of any law by an Organization

# LIABILITY INSURANCE

## Preferred & Non- Preferred Risk Segments

Preferred Risk Segments	Non- Preferred Risk Segments
Public Listed Companies	Co-Operative Housing Societies
Private Listed Companies	Trust
Banks	Not for Profit Companies
Manufacturing Companies	
IT Companies	
Hotels	
Financial Companies	
Non banking Financial Companies	

### USPs

- Broad definition of Employment Claim - expressly includes retaliatory treatment arising from an employee exercising his or her rights under any whistle blowing law anywhere in the world.
- Additional Limit of Liability for all Directors & Officers
- Loss definition includes punitive, exemplary or aggravated damages – provided that HDFC ERGO is not legally prohibited from paying such damages in the jurisdiction in which the claim is determined
- Highly experienced Underwriting team
- Backed up by Munich re (Rated as A+ by AM Best)
- Dedicated experienced Inhouse Claims team

## 7) SIGNATURE PROFESSIONAL INDEMNITY

### INTRODUCTION

Negligence, breach of trust, misleading statement, legal liability and lawsuits these are some of the frightening nightmarish terms which professionals may come across every now and then while performing professional services. As a professional, you are expected to discharge your duties diligently, but no matter how diligent you were in your deliverables to your clients, allegations can still be made against you. These allegations of negligence and errors in carrying out your profession can prove to be burdensome. These can leave you open to the ever- increasing possibility of legal action against you, your company or your employees. Thus, in order to protect you and your company against such allegations HDFC ERGO has introduced Signature Professional Indemnity Insurance Policy.

### Scope Of Cover

Signature Professional Indemnity Insurance is liability insurance explicitly designed for professionals engaged in rendering the knowledge based services. Under this policy, the policy holder is indemnified from the law suit filed against them due to an alleged negligent act, error or omission committed by the policy holder or on his behalf while performing or discharging their Professional Services during the policy period. This policy indemnifies the losses which the insured legally obligated to pay on account of claim that arises from the breach of professional duty and also indemnifies for the legal cost and expenses incurred in defending, investigating, settling or appealing any claim that arises on account of formal investigation. Coverage may also extend to the expenses undertaken by the insured in retaining the services of any public relation firm, crisis management firm or executive search firm with respect to managing the public communication and limiting the disruption of the insured's business. Expenses under this cover shall be payable despite the fact, that there is no allegation of a wrongful act.

# LIABILITY INSURANCE

## Risk Covered

- Worldwide cover
- Past, present or future partner, director, officer or employee whilst conducting professional services
- Accidental Infringement of intellectual property rights
- Acts of dishonesty by anyone employed or contracted by you
- Loss of data or documents
- Defamation or any attempt of defamation
- Breach of privacy
- Advancement of costs and expenses within 30days
- Full severability of cover, wherein no fact pertaining to or knowledge possessed by any insured person, shall be imputed to another insured person to determine available cover
- Extended Reporting Period available if the insured cancels or does not renew
- Written demands for monetary damages in civil proceedings. It also extends to cover formal investigations by regulatory bodies and arbitration proceedings; judgments, settlements, extradition and criminal proceedings
- Bankruptcy or insolvency of the insured shall not relieve the company of its obligation
- Coverage for acquired subsidiaries
- Coverage for spouses, heirs and representatives

## Exclusions

- Bodily injury or property damage not associated with the performance of Professional Services
- Fraudulent act or willful violation of law, regulation etc by an insured
- Failure to perform professional services for any insured or for any entity controlled, owned or manage by any insured
- Deliberate infringement or misappropriation of intellectual property rights such as copyright, patent or trademark, whether registrable or not
- Loss arising from or in consequence of pollution

## Preferred & Non - Preferred Risk Segments

Preferred Risk Segments	Non- Preferred Risk Segments
Information Technology (IT)	Diagnostic Clinics
Outsourcing (ITES / BPO)	Medical Transcriptions
Architects / Engineers	Not for profit Companies
Individual Doctors	Stock Brokers
Consultants (Recruitment, Marketing, PR, etc.)	Security Agencies
	Accountants

# LIABILITY INSURANCE

## 8) CYBER SECURITY INSURANCE

### INTRODUCTION

Cyber Security Insurance is designed to protect commercial businesses against a wide range of first and third party liability occurring out of cyber exposures associated with e-business, internet, networks and information assets. Companies with access to private & confidential information about their customers have a responsibility to keep it secure. Equally, companies who have a web presence or a dependency on technology have emerging content and transactional exposures. Cyber risk is steadily increasing. Security/Data breaches affect millions of records a year and reports of breaches continue to rise at a dramatic rate. The introduction of viruses and unauthorized access are well known examples.

### Scope of Cover

#### First Party Liability

- **E-Theft Loss** as a consequence of having transferred funds or property or given any value due to the fraudulent input of data into a computer system or through a network into a computer system
- **E-Communication Loss** occurring due to a customer having transferred funds or property or given any value on the faith of any fraudulent communication for which loss you are held legally liable
- **E-Threat Loss** including the cost of a professional negotiator and any payment made or any fund or property surrender intended as an extortion payment
- **E-Vandalism Loss** even when caused by an employee
- **E-Business Interruption** including Extra Expenses
- **Privacy Notification Expenses** including the cost of credit monitoring services or similar services for affected customers. (Subject to a sub limit)
- **Crisis Expenses** including the cost of public relations consultants. (Subject to a sub limit)
- **Reward Expenses** includes informant costs. (Subject to a sub limit)

#### Third Party liability

- Disclosure Liability including customer claims due to system security failures resulting in unauthorized access to or dissemination of private information on the Internet
- Content Liability including claims for intellectual property, trademark and copyright infringement
- Reputational Liability including claims alleging disparagement of products or services, libel, slander, defamation and invasion of privacy
- Conduit Liability including claims arising from system security failures that result in harm to third-party systems
- Impaired Access Liability including claims due to system security failure resulting in systems being unavailable to customer
- Defense Cost cover available for costs incurred in defending any claim brought by a government agency, licensing or regulatory organization. Defence Costs in advance of the final disposition of any cyber liability claim and within 30 days of receipt of invoice for such costs
- Claims definition includes Extradition proceedings
- Prior Notice Exclusion: Excludes prior notice of a fact or circumstance that has been accepted by the previous insurer
- Full Severability of Exclusions: Knowledge of one Insured Person is not imputed to another and only knowledge possessed by the Chief Executive Officer, Chief Financial Officer or the Chief Operating Officer of the organization will be imputed to the organization



# LIABILITY INSURANCE

## Exclusions

- Fraudulent act or willful violation of any such law, regulation by an insured
- Bodily injury, sickness, disease, death of any person or damage to any tangible property
- Mechanical failure, gradual deterioration, electric disturbance, media failure or breakdown or any malfunction

## USPs

- Combined benefit of third-party (Cyber Liability) and first-party (Cyber Crime Expense) coverage
- Broad definitions of “computer” and “system” address enterprise-wide network exposure, including laptops, disk drives, backup tapes, and mobile devices
- No “security maintenance” exclusion
- Disclosure Liability coverage extends to outsourced data processing and data storage services
- Privacy notification expenses coverage is triggered without a requirement for a claim or a regulatory requirement mandating the notification
- Covers Cyber Hacking and Cyber Attack Incidents

## Preferred & Non - Preferred Risk Segments

Preferred Risk Segments	Non- Preferred Risk Segments
Food Industry	Payment Gateways
Manufacturing	FI related to ATM's Servicing Industry
Construction/Steel	
IT/Financials	
Textile	
Education/Training	

## Claim Manual

In the event of loss of an insured event the company must be informed immediately. Our contact details are as follows:

1. Relationship Officer / Channel Partner
2. Branch Office ( Nearest Branch Office)
3. Call Centre - 022-6234 6234
4. E-mail at care@hdfcergo.com

### Our contact details are as follows:

HDFC ERGO General Insurance Co. Ltd. Corporate Claims Department 6th Floor, Leela Business Park, Andheri Kurla Road, Andheri(E), Mumbai – 400059  
Call Centre - 022-6234 6234

During Intimation of Claim, Insured has to provide relevant information which includes Policy details, policy period and Loss details (viz. Loss Location, Contact Details, Details of Loss, Details of claimants, Rough estimates of Loss along with copy of Project carried for which the policy is obtained). In general, primarily, the following basic documentations are required for taking the claim forward:

- Detailed description of the incident in chronological order and the manner by which insured first became aware of the circumstance/claim right from the date of discovery until the current status
- Details of quantum of loss with supporting documents
- Detailed description of the manner by which insured first became aware of the claim or circumstance which give rise to the claim
- Actions taken by the insured post discovery of claims
- First Information Report /charge sheet filed by the police. If, the matter has been reported to the police

# LIABILITY INSURANCE

- Internal Investigation report, if any, from the Insured giving an Insight into the act with Criminal intent allegedly performed by an Employee resulting in a Third Party Loss
- Any other documents which could be construed as material information to the case

## **Our Claims process:**

- An acknowledgement with respect to the claim intimation is given to the insured, once we are in receipt of any claim intimation from the insured
- Based on the information submitted in the claim intimation letter, if required, we may procure more information from the insured depending on the facts mentioned therein. Up to the satisfaction of the Company
- Surveyor / Investigator may be appointed, if required
- Apart from surveyor/investigator, opinions of legal experts are sought, if required
- In case of surveyor appointment, the same will be appointed within 72 hrs from the date of intimation and the details of the appointment is conveyed to the Insured
- Within 48 hrs of appointment, the surveyor will start the survey and will request the list of preliminary documents within 7 days of appointment from the insured
- Final survey report will be provided by the surveyor within 90 days of appointment except where special circumstance exist in respect of a claim due to its special complicated nature or due to difficulties associated with replacement/reinstatement ,the surveyor will seek an extension from Insurers for submission of report
- In case of settlement, Offer of Claim Settlement will be made to the Insured within 30 days of receipt of the last document
- In case of settlement, Claim will be settled by the Insurer within 30 days from the receipt of last, relevant & necessary document from the Insured
- In case of rejection, the same will be conveyed to the Insured within 30 days from the receipt of the final report and/or documents
- Based on the information submitted in the Claim Intimation Letter / Claim Form, if required, we may procure more information from the insured depending on the facts mentioned therein up to the satisfaction of the Company
- Apart from surveyor, an investigator and/or senior engineer can be appointed and legal counsel opinions can be sought, if required

Apart from above Standard documents some other documents may be called for based on the nature of claim.

- Policy Copy and Proposal form
- Detailed estimate of Loss
- Details cause of loss and its identification along with log book
- Contract Copy / Financial Statement / Professional License or Certificate
- Detailed estimate for repair/rectification to be carried in case fo Property Damage
- Survey Report along with annexure and/or Photographs wherever applicable
- All documents and/or information relevant to the claim
- Discharge voucher of the Insured accepting full and final settlement
- KYC documents are compulsory where settlement amount is over 1 lac

## 9) EMPLOYEE COMPENSATION INSURANCE POLICY

### INTRODUCTION

In an increasingly global work environment, employee rights have rapidly moved forward. To protect organisations from the threat of expensive lawsuits and large compensation pay-outs, HDFC ERGO has the Employee's Compensation / Employer's Liability Insurance. The employees' compensation insurance is the primary method by which an employer can demonstrate the ability to satisfy the obligations imposed by the employees' compensation statutes.

### Who is covered?

The policy covers legal liability of an employer under:

- Employees' Compensation Act, 1923, and subsequent amendments of the said Act prior to
- the date of issue of the policy
- Fatal Accident as per Fatal Accident Act, 1855
- Common Law

### What is covered?

It is compensation payable under a scheme set out in the Employees' Compensation Act of India, monitored by the Ministry of Labour. The policy covers statutory liability of an employer for the death or bodily injuries sustained by employee in the Insured's immediate service and arising out of and in the course of employment.

We pay for

- Death
- Permanent total disablement
- Permanent partial disablement
- Temporary disablement
- Legal costs and expenses incurred with the company's consent

### Extensions offered

- Actual medical, surgical and hospital expenses including the cost of transport to hospital for accidental employment injuries
  - ♦ Medex option 1 – Per person limit and agg limit
  - ♦ Medex option 2 – Per person limit only
  - ♦ Medex option 3 – Only agg limit
  - ♦ Medex option 4 – Actual
- Any compensation for diseases mentioned in Part 'C' of Schedule III of the Employees' Compensation Act, 1923, which arise out of and in the course of employment
- Employees in the employment of contractors performing work for the Insured while engaged in the Business in respect of which this policy is granted

### Underwriting details required

- Basic details of the Insured
- Number of employees
- Estimated wages
- Policy period
- Nature of Work
- Risk location address
- Expiring / Accident History – for last 3 years

# LIABILITY INSURANCE

## List of Non - Preferred Risks

- Off shore rigs
- Oil and Gas companies – drilling ,producing ,refining distribution
- Quarries
- Excavation and tunnelling work in connection with mining and quarrying
- Subaqueous work /Underwater mines/underground works
- Professional Sports Team
- Employees employed on permanent basis in US /Canada
- Armed Forces
- Fire Brigades
- Aircraft crews /Ship Crews
- Employees involved in ship building, ship repairing or ship wrecking

## Point of Sales facility (POS)

Instant quote can be generated for the proposals fulfilling following criteria –

- Policy period is up to 1 year
- Aggregate limit is up to INR 5 crore only
- Immediate quote from POS for 2500 employees anything above 2500 to be referred to underwriter
- Bifurcation of contractual employees and permanent employees to be provided at the time of claim
- Immediate policy issuance through POS

## Documentation required

- Duly filled, signed, stamped and dated proposal form
- In the absence of the proposal form any one of the following will suffice
  - ♦ Broker or client mail with risk details signed, stamped and dated
  - ♦ Broker RFQ with risk details signed, stamped and dated
  - ♦ Quote and information sheet - signed, stamped and dated
- Cheque in original / NEFT details snapshot with transaction details
- Copy of pan card if premium exceeds INR 100,000
- GSTIN number, if available

## 10) RETAIL CYBER INSURANCE – ESECURE INSURANCE

### INTRODUCTION

The word “Internet” has turned our existence upside down. It has changed the way we work, socialize, create and share information and organize the flow of people, ideas, and things around the globe. There is no doubt that internet has given us convenience and improves our life enormously, but at the same time it has also proven as a dangerous place which exposes us to the risks that subsist in cyber space, such as the risk of damage to Individual e-reputation, fraudulent transactions with your credit cards, debit cards, theft of your personal information. E@Secure Insurance is designed to provide protection to individual customers in the event of online breach (arising directly from the use of internet) by the third parties resulting due to covered risk.

### Key Features

- Protection against cyber risks and frauds carried out from any device
- Covers unauthorized online transactions
- Pays for legal advice and covers legal cost/ expenses arising out of any covered risks
- Covers cost for consulting psychologist
- Coverage for entire family including spouse, 2 dependent children (no age limit)
- Covers loss due to phishing and email spoofing

# LIABILITY INSURANCE

- Covers online reputation & identity theft
- Various pre-determined limits to choose from

## What is Covered

- Legal Protection: Covers legal cost and expenses In case of a legal dispute arising out of specified covered risk as listed below. Also covers cost of legal advice sought by the insured
- Damage to E-Reputation: Covers damage to personal reputation when third party publishes harmful information about you on the internet (including forums, blog postings, social media and any othe website)
- Identity theft: Reimburse expenses incurred due to loss of your personal information over the internet b a third party to obtain money, goods or services
- Unauthorized online transactions: Covers fraudulent online transactions made on your bank account /debit/ credit card/ e-wallets by a third party
- E-extortion: Covers you for the financial loss suffered by you as a result of an extortion threat
- Cyber bullying: Covers expenses incurred for psychological counselling, if you are the victim of cyber bullying or harassment by the third party
- Phishing and E-mail spoofing: Covers financial loss suffered due to direct result of phishing and email spoofing

## Optional Cover

- Family: extend cover to include self, spouse and dependent children (maximum upto 4 family members)
- Protection of digital assets from Malware: covers cost of restoration and recollection of digital data maximum upto 10% of limit of liability.

## Premium Table (Amt in INR and Exclusive of Tax)

Limits (Sum Insured)		50,000	100,000	500,000	2,000,000	5,000,000	10,000,000
Individual		1,410	1,938	3,524	6,167	10,044	14,273
Individual + Family		NA	NA	6,167	9,868	15,859	22,907
(+ Plus Optional Extension - Protection of Digital assets from Malware	Individual	1,551	2,132	3,877	6,784	11,048	15,700
	Individual + Family	NA	NA	6,784	10,855	17,445	25,198

## Limit Of Liability – Sub Limits

### • Triggering Multiple Specified Event

In case one loss occurrence could be classified under multiple Specified Events as defined herein, this Policy will only provide protection under one Specified Event clause and the benefits stipulated therein. Where one loss occurrence triggering multiple Specified Events, in such case Specified Events having highest sub limit will be payable.

Limit of liability will be further sub limited as mentioned below.

# LIABILITY INSURANCE

Limit of liability will be further sub limited as mentioned below.

Section	Cover	Sub Limit
1	Legal Protection	100%
2	Damage to E-reputation	25%
3	Psychological counseling	10%
4	Identity Theft	25%
5	Unauthorized Online Transaction	100%
6	E-Extortion	10%
7	Cyber Bullying	10%
8	Phishing and Email Spoofing	Phishing - 15% & Email Spoofing - 25%
9	Protection of digital assets from Malware (optional)	10%

- **Minimum Deductibles**

- ♦ Limit of indemnity up to INR 500,000 - Nil deductible
- ♦ Above INR 500,000 - INR 3500

**What is not Covered?**

- Illegal or malicious act
- Business activities of any kind including full time or part time gainful employment or any other work for pay or profit
- Prior facts and circumstances
- Failure to take reasonable precaution to protect your personal or confidential information
- Loss directly or indirectly and intentionally created by you
- Any kind of unexplained loss or mysterious disappearance
- Any loss caused by the order of any government authority
- Consequential losses of any kind or any damage suffered by Third Party
- Any inherent product defect / wear and tear / disputes concerning purchase price
- Loss already reimbursed by the Bank
- Fees and costs incurred before the acceptance of claim
- Losses arising from the theft, disappearance, loss of value or inaccessibility of any cryptocurrency
- Claim made in connection to the Outage-of-external-Networks
- Claims reported after 6 months from the date of occurrence of the events covered under this policy
- Any damage or destruction to tangible property including any use thereof
- Any contractual or assumed liability
- Infringement of any intellectual property rights
- War & Terrorism
- Inherent product defect or any liability relating to securities, commodities, derivatives, foreign or Federal Funds, currencies, foreign exchange, and the like
- Unsolicited correspondence or communications (whether in physical or electronic form), wire tapping, audio or video recordings or telephone marketing



# MARINE INSURANCE



# MARINE INSURANCE

## INTRODUCTION

### Definition of Marine Insurance

Marine Insurance covers the loss of goods whilst in custody of carrier and other third party in transit from one location to another under the contract of affreightment. It is governed by Marine Insurance Act 1963.

Marine insurance covers Movement of goods from one place to another:

- Within the country (Inland-Domestic)
- Between India and other countries (Overseas-Export Import)
- Between any two countries outside India (Mercantile Trade)

### Who needs Marine Insurance

Any person with insurable interest in the goods in transit can insure. Further the policy can be assigned freely to any person who acquires insurable interest during transit of the cargo.

- Exporters
- Importers
- Manufacturers
- Traders
- Merchant Exporters
- Contractors of Projects
- Logistics Operators
- C&F Agents

### Documents in Marine Insurance

- **Invoice:** It contains the detailed description of the goods, the price & the total amount payable by the importer. If any expenses are recoverable from the importer they are also stated in the invoice. If any advance is received & any discount is allowed, they are deducted & the net amount is shown clearly. Export invoices are generally prepared in triplicate.
- **Bill of Exchange:** It is a written unconditional order signed by one party, the maker directing a certain person to pay a certain sum of money either immediately or on a fixed date for payment of goods or services rendered to the bearer of the instrument. It is used as a form of payment in local & international trade. Letter of Credit: A letter of credit is a letter issued by a bank in the importing country in favour of the shipper containing an undertaking that the bills of exchange drawn by him upon the importer up to the amount specified therein will be honoured by it on presentation.
- **Bill of Lading:** It is a document under which the cargo is carried on board the ship. It contains certain admissions by the carrier as to the quantity & condition of goods when they were put on board. It is a receipt for goods signed by the master of the vessel & constitutes a document of title to the goods specified therein. It is a commercially negotiable document which can be bought & sold in exactly the same manner as the goods themselves. Delivery of goods cannot be obtained without the bill of lading. The bill of lading contains the description of the goods, the vessel's name, the shipper's name, the consignee's name & the port of discharge. Bill of lading is the receipt issued by the shippers. Briefly we shall discuss the receipts issued by other carriers. The receipts are primarily proof of dispatch.
- **Airway Bill:** It is a receipt issued by the airline for the goods carried by them & it is an evidence of the contract of carriage. However it is not a document of title to the goods. Hence it is non-negotiable.
- **Lorry Receipt:** It is issued by transporters for carrying goods by road.



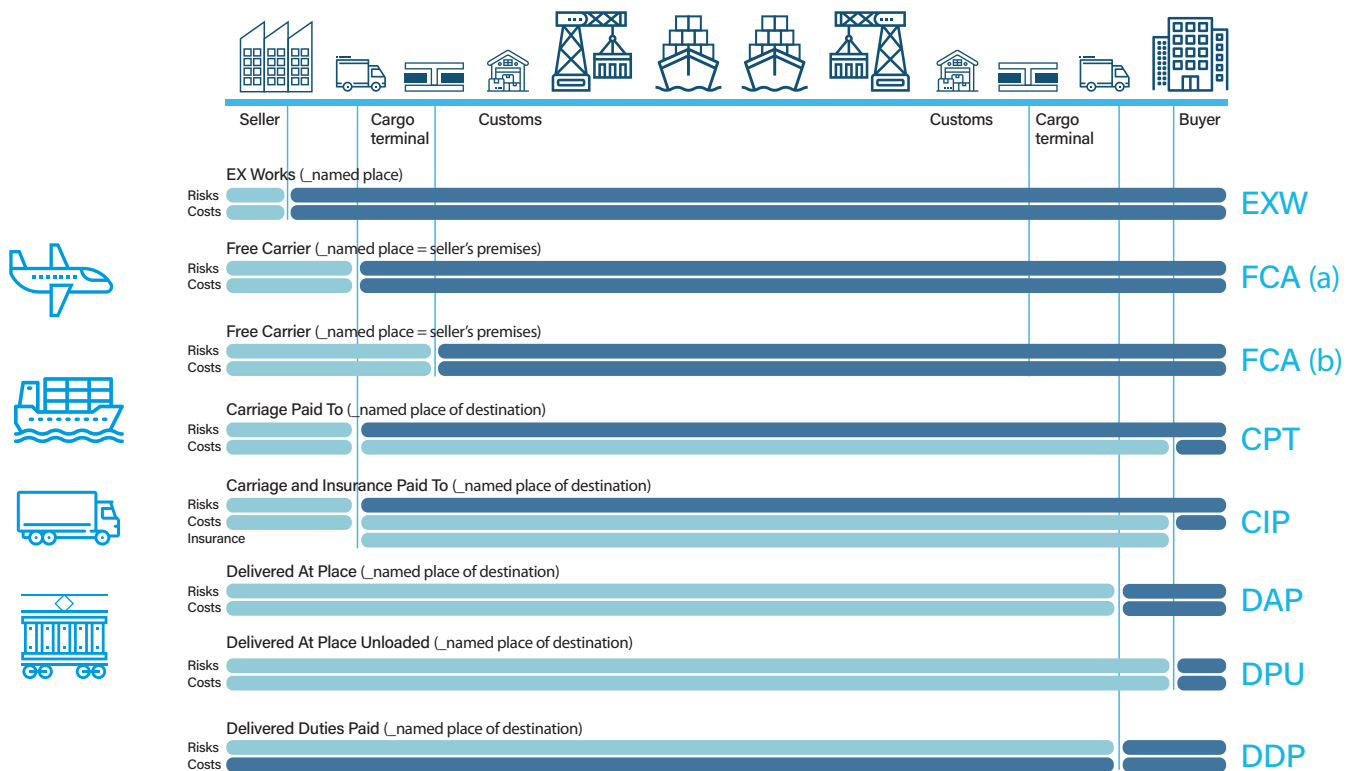
# MARINE INSURANCE

- **Railway Receipt:** It is issued by the Railways after the goods are loaded. It contains the train number & other details like whether the goods are being sent in a closed or open wagon.
- **Postal Receipt:** It is issued by the postal department for goods sent by post.
- **Bill of Entry:** It is a declaration submitted by the importer or exporter stating the nature, quantity & the value of the goods which are shipped.

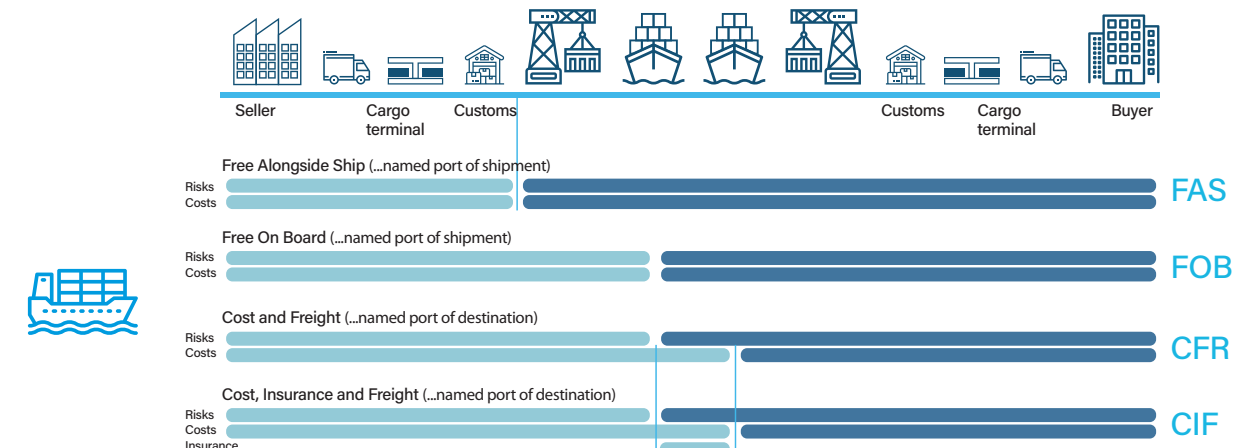
## INCOTERMS 2020

International Commercial Terms (INCOTERMS) are recognized worldwide and regulate the rights and obligations of buyers and sellers in international trade, thereby standardizing global purchase transactions. They determine the point of change of responsibility between the buyer and seller. INCO terms 2020 are given below:

### Rules for any mode or modes of transport



### Rules for Sea and Inland Waterway Transport



# MARINE INSURANCE

## Risks

- Seller
- Buyer

The possibility that an event may occur which could cause loss of or damage to the goods is a "risk". Buyers and / or Sellers can protect themselves against risks by transport-insurance.

## Costs

Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of Buyer and / or Seller.

## Insurance

Transport insurance is the responsibility of the Seller.

Remark: For detailed explanation reference is made to International Chamber of Commerce (ICC) publication INCOTERMS® 2020. This document is provided to our customers for informational purposes only. Please refer to the official text of the ICC for a full and detailed description of all rights and liabilities arising from the use of the aforementioned Incoterms (<https://iccwbo.org>).

### There are 3 types of Institute Cargo Clauses- To be used for Export Import

Risk	ICC-A	ICC-B	ICC-C
Fire, Explosion	Yes	Yes	Yes
Vessel Stranded, Grounded, Sunk	Yes	Yes	Yes
Overturning of land conveyance	Yes	Yes	Yes
Collision with external object other than water	Yes	Yes	Yes
Discharge of cargo at port of distress	Yes	Yes	Yes
Earthquake, Lightning	Yes	Yes	No
General Average	Yes	Yes	Yes
Jettison	Yes	Yes	Yes
Washing overboard	Yes	Yes	No
Entry of sea, lake, river water	Yes	Yes	No
Total loss of any package lost overboard, while load	Yes	Yes	No
Any other risk not specifically excluded	Yes	No	No

### There are 3 types of Inland Transit Clauses-To be used for domestic movements

Risk	ITC-A	ITC-B	ITC-C
Fire, lightning	Yes	Yes	Yes
Collision with or by the carrying vehicle	Yes	Yes	N
Overturning or derailment or similar accidents	Yes	Yes	No
Breakages of Bridge	Yes	Yes	No
Earthquake, volcanic eruptions	Yes	Yes	No
Flood, inundation	Yes	No	No
Any other risk not specially excluded	Yes	No	No

### Exclusions are as follows:

- Wilful misconduct of the assured
- Ordinary leakage, ordinary losses in weight or volume or ordinary wear and tear
- Insufficient or unsuitability of packing or preparation of the subject matter insured
- Inherent vice or nature of the subject matter insured
- Delay
- Insolvency or financial default of owner, manager, charters or operators of the vessel
- Loss arising from use of any nuclear weapon or radioactive matter.
- Unfitness/ Unseaworthiness of carrying conveyance
- War Exclusion clause
- Strikes Exclusion Clause
- Note- War and Strikes can be covered on payment of extra premium as an add on cover

# MARINE INSURANCE

## Non-Institute clauses:

Apart from the above institute clauses, some Non-Institute clauses are used to additionally cover some perils under the policy, for e.g.

1. Buyer's Contingency Clause
2. FOB Shipments Clause
3. Guaranteed Outturn Clause
4. Label Clause
5. Repacking Clause
6. Seller's Contingency Clause

NOTE- There is about 40 Non- institute clauses. This is not an exhaustive list.

## Common Warranties/Conditions/Exclusions applied are

- Rust Oxidation Discoloration Exclusion
- Mechanical Electrical Electronic Derangement Exclusion
- Standard Packaging Warranty - Cargo should be containerized
- Institute Replacement Clause
- Declaration Clause under Open / Sales Turnover Policies
- Over Dimensional Cargo Warranty

## Preferred/ Non- Preferred commodities:

Preferred Commodities	Non- Preferred Commodities
Apparels, Fibre, Silk, Wool and Yarn	All Bulk & Break bulk
Leather Items	Fragile
Rubber	Refrigerated
Plastic	Used or second hand cargoes
White Goods, Electronic items and Computers	Bullions
Machinery	Precious Metals / Stones
Non-hazardous chemicals	Over dimensional cargo / Overweight cargo
Edible items- grains pulses	Marble / Ceramic
Non- refrigerated Pharmaceutical products	
Ore - Copper Manganese (non-bulk)	
Kitchen Appliances	
Auto Parts	
Metal Items	

## Types of Policies

### 11) MARINE SPECIFIC VOYAGE POLICY

- MSP/ MSV or specific voyage policy covers single transit consignments or specific shipments
- It is suitable for those firms who seldom require marine cargo policies in the course of their trade
- These policies are issued on a "from and to" basis and the cover commences once the goods leave the place of origin named in the policy and terminates on delivery at the place of destination

### At HDFC ERGO, there two MSV products- MSV Retail and MSV Corporate.

- MSV Retail- Product code 2415 is issued at the Intermediaries end through PIE
- MSV Corporate- Product code 2411 is referred to Underwriter and quoted through QMS. It is only for the cases where the Sum Insured is more than INR 3 Cr

# MARINE INSURANCE

## Marine Specific Policies issued through PIE

All the IMDs who will be generating MSV Policies through PIE portal will be mapped with the following commodities:

Sr No	Commodity Category	Rate for Inland Transit	Rate for Export-Import Voyage
1	Cotton, Man-Made Fiber, Silk, Synthetic Fiber, Wool, Yarn	0.04	0.04
2	Rice, Grain, Pulses, Dal	0.04	0.04
3	Cocoa Products, Confectionary (Biscuits, Candies), Instant Coffee, Tea, Seasoning Spice, Fruit Juices,	0.04	0.04
4	Non-Refrigerated Pharma Products	0.04	0.04
5	Ore - Copper, Iron, Manganese; Concentrate - Copper, Zinc, Lead (Non-bulk)	0.04	0.04
6	Office Automation, Electronic Calculators, Computer Systems, Electrical Equipment, White Goods	0.04	0.04
7	Kitchen Appliances, Cosmetic, Bags, Dolls, Toys and other similar products	0.04	0.04
8	Metal Auto Parts	0.04	0.04
9	Containers	0.04	Not to be mapped
10	Spare Parts - Metal	0.04	0.04
11	New Machinery	0.04	0.04
12	Readymade Garments	0.04	0.04
13	Non Hazardous Chemical	0.04	0.04
14	Fabrics	0.04	0.04
15	PVC Sheets / Granules	0.04	0.04
16	Stainless Steel & items made of Steel	0.04	0.04
17	Shoes other Leather Products	0.04	0.04

Minimum Premium per policy is INR 500 + Tax and Stamp Duty

Sum Insured limit per Policy is INR 30,000,000 (3 crores)

- Apart from the above commodities, we have another 40 more commodities which can be mapped case to case basis as per the business requirements
- Loading is allowed in system but discounting on the above rates is not allowed
- As per the business requirement we can change the rates at the IMD level in the system
- The excess applicable is 0.5% of the consignment value subject to a minimum of INR 10,000 for each and every claim

# MARINE INSURANCE

## Marine PIE

### The PIE has two main functionalities:

- Marine Open Policy Certificates Issuance: For clients having regular Export Import shipments need certificate of insurance to submit to their bankers and customers. The PIE provides them with a tool which enables them to issue these documents anytime anywhere 24\*7\*365.
- Marine Specific Policies: For Intermediaries who need immediate specific policies for their customers, the PIE allows them to generate the same with minimal inputs and instant results which are acceptable across the globe. These policies are most competitively priced and coverage is commodity wise and client wise customised to meet the specific requirements.
- The launch of Marine PIE ensures quicker Turn around Time and enhances the user experience. Clients/Intermediaries can access Marine PIE through the link <https://pie.hdfcergo.com> either via the mobile or through their desktops.

## Mobile PIE

HDFC ERGO is one of the first companies to launch the mobile version of policy issuance engine which provides superior customer experience; thereby ensuring clients have convenience of time, place and mobility.

## PIE activation process

### Creation of ID

- Sales will put up a request on oval - plans for creating Marine GC Code.
- GC team will create the Marine PIE PoS ID and send it on the registered mail ID of the IMD.

### Activation and Mapping

- Operations will map the Marine commodities, rates, T&C's.
- IMD will activate the ID on GC and start issuing policies in PIE.

### Support

Marine Bulk declaration option is now available in PIE login for MOP and MSTOP products. Client can take certificates and declare their bulk declaration through their online portal PIE .

Note: For any deviation in the proposal, the IMD / SM can mail directly to Central Team.  
For any GC related query SMs can raise a request on Service Desk or IMDs can mail to [gcpod@hdfcergo.com](mailto:gcpod@hdfcergo.com) and PIE relatedt query to [pie.support@hdfcergo.com](mailto:pie.support@hdfcergo.com)

# MARINE INSURANCE

## PIE Escalation Matrix

Escalation Level	Contact
I	pie.support@hdfcergo.com
II	nilesh.gaidhani@hdfcergo.com
III	vishal.anand1@hdfcergo.com
IV	prashant.hire@hdfcergo.com

## 12) MARINE OPEN POLICY

- MOP is an annual arrangement between the insured and the insurer to provide coverage to all the shipments/transits on pre arranged terms and conditions.
- The policy is issued for a period of one year at an initial Sum Insured which can be enhanced during the currency of the policy.
- Declarations are made by the client for all dispatches during the policy period on a periodical basis.
- Certificates are issued for individual transits.
- Insurer's maximum liability is restricted to a pre agreed limit per sending and limit per location.

### **At HDFC ERGO, we have Marine Open Policy - MOP with the product code 2412.**

It can be booked through underwriter's referral – QMS and through pre underwritten rater with pre defined terms and conditions. The declaration certificates under MOP will be passed by the clients through PIE portal. Endorsements will happen through Operations.

## 13) MARINE SALES TURNOVER POLICY

- It's a wider form of Marine Open Policy and is issued on the basis of annual sales turnover – both domestic and exports, all transits/voyages deemed to be held covered without specific declaration.
- The biggest advantage of a Sales Turnover policy is the client is required to give declaration only on the Sales Turnover on a periodical basis as agreed at the time of inception of Policy.
- Sum Insured and premium is based on the annual Sales Turnover of goods movement under various legs of transit. Policies to be issued only to bodies corporate registered under the Companies Act, 1956.

### **At HDFC ERGO, we have Marine Sales Turnover Policy- MSTOP with the product code 2414.**

- It can be booked through underwriter's referral QMS only.
- The declaration and certificates under MSTOP will be passed by the clients through PIE portal. Endorsements will happen through Operations.

Direct customers and intermediaries should be sending their monthly/ quarterly declaration to marine.declaration@hdfcergo.com in the below format.

We have recently added bulk declaration option for Marine Open and Sales Turnover Policies in PIE at client login.

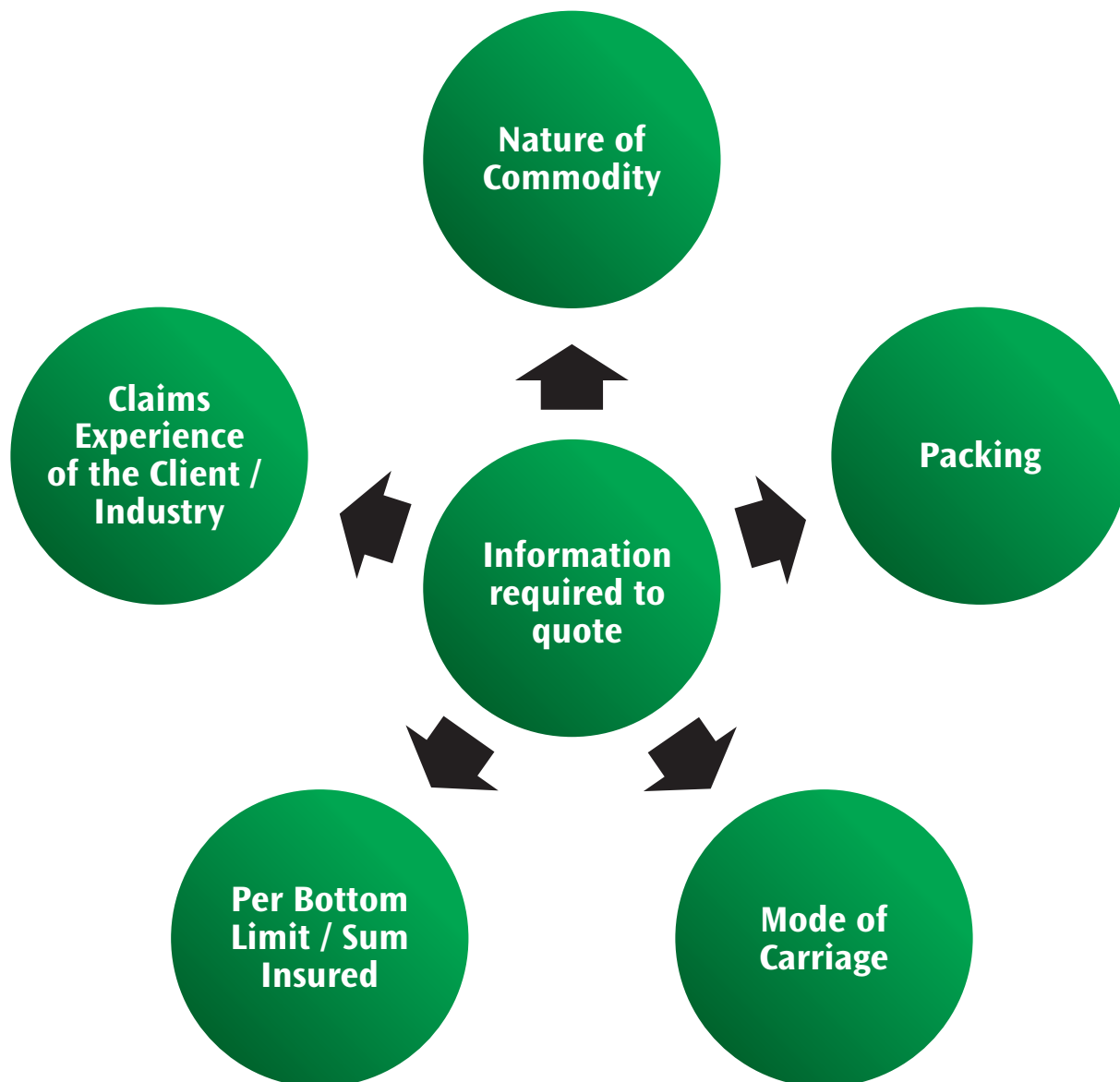
Non-submission of declarations will either delay or prejudice the claims reported if any.

# MARINE INSURANCE

## Bulk declaration format:

Policy Number	Certificate Holder Name	Declaration Effective Date	Declaration Type	Voyage Type	Invoice Date	Invoice Number/ LR. NO.	Cargo Value in Invoice Currency (110%)
24120000000000000000	XYZ company	01/12/2018	Voyagewise/ Weekly/ Fortnightly/ Monthly/ Quarterly	Import/Export/ Inland/EXIM/ Inland and EXIM/ Capex-Container	01/12/2018	891313	5500000

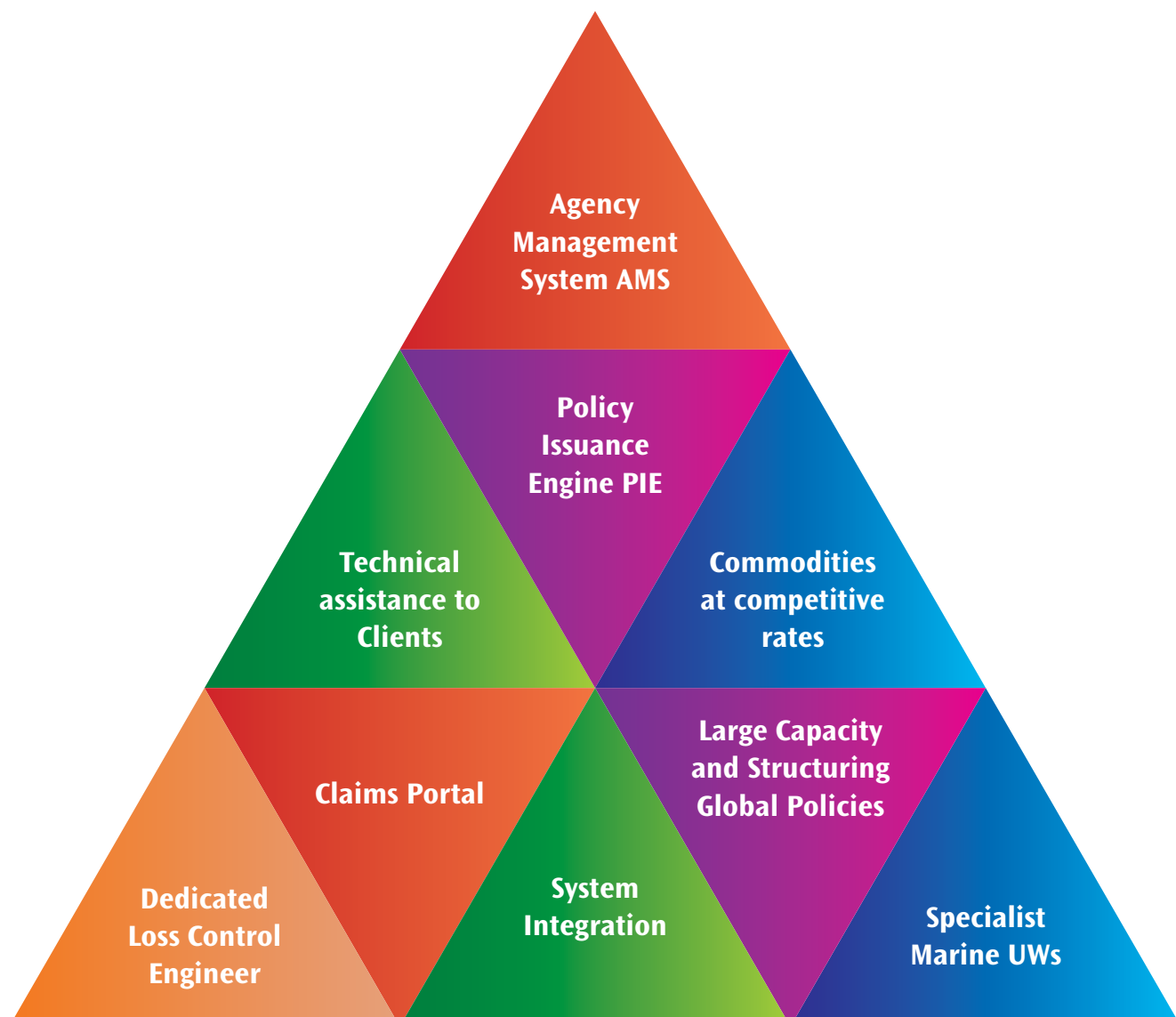
## Underwriting Information required for quoting:



# MARINE INSURANCE

- Sending Limits and Location Limit - Per Sending Limit and Per Location Limit defines the limits of liability of the insurer at the time of claims
- Nature of Commodity- Commodity can be of general, hazardous, refrigerated, ODC or fragile in nature
- Packing- Packaging like loose bags, palletized, containerized
- Deductibles- Deductible is the first layer of risk that an insured bears on his net
- Cover - Cargo is covered against some risks. There are 2 types of covers- All risk cover (A) and Named peril cover (B and C)
- Warranties/ Conditions - Warranties are enforcement of promise made by insured to undertake or not undertake any action which will change the risk exposure for the underwriter during the policy period.
- Exclusions- Risks not covered are exclusions
- Past Loss- Severity vs Frequency – This includes number of losses, nature of losses and time taken in settlement, etc
- Storage- Storage cover is excluded under Marine Policies

## USPs of HDFC ERGO Marine Insurance





# MARINE INSURANCE

- Loss Control – Dedicated Loss control engineer who analyses the type of losses and suggests on the Loss minimisation techniques to the clients with proven track record
- PIE - Policy Issuance Engine and mobile marine which allows the users to generate Marine Specific Voyage policies and declaration certificates even on mobile
- Claims Portal which allows the users to update and know the live status of their claims even on their mobiles
- System Integration for Specific policy issuance to various freight forwarders
- Enter into MOUs timelines for claims settlement
- Specialist Marine UWs in all the regional offices
- Large Capacities
- Structuring Global Policies
- Exhaustive Commodities Coverage- No negative commodity list
- Provide technical assistance to Clients on vessel selection and commodity studies
- Agency Management System for managing the agent portfolio on their mobiles

## Types of Marine Losses

**Partial Loss (Particular Average)** - Particular Average means partial loss of the subject matter insured Although not appearing in the Clauses directly, all three sets of ICC covers particular average in full



# MARINE INSURANCE

**Total Loss** - The goods are completely destroyed. The assured is irretrievably deprived of the goods. The goods are no longer the thing insured (loss of specie). The goods are on a ship that has been posted as missing. Total loss can be an Actual Total Loss or Constructive Total Loss.



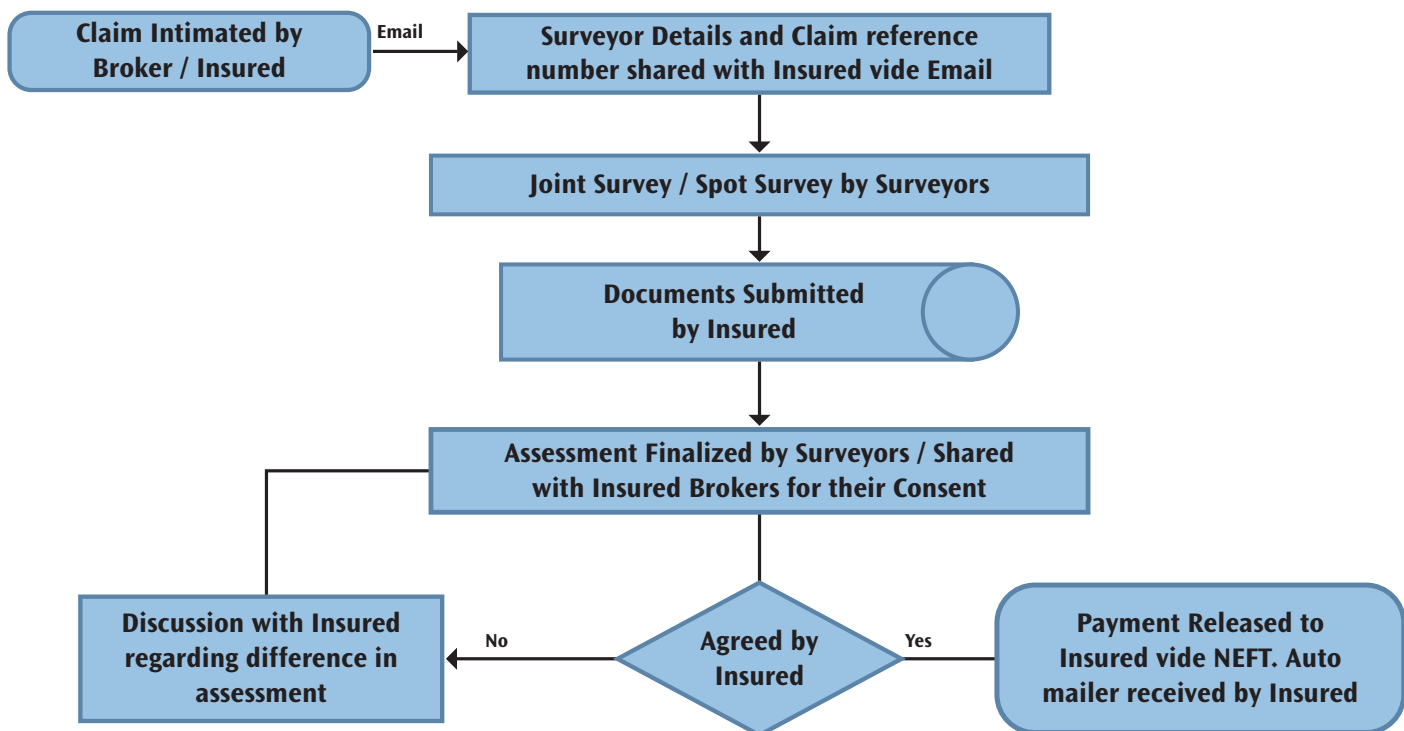
**General Average** - This occurs when the insured goods are partly or totally sacrificed in a general average act. Provided the GA does not arise from any of the exclusions expressed in the Clauses, the underwriter is liable for the sum insured if the sacrifice results in a total loss of the goods or the proportion of the sum insured produced by applying the percentage of depreciation caused by the sacrifice to the SI, if only part of the goods is sacrificed.

**Definition:** "GA is a sacrifice or expenditure made or incurred by one of the parties to the maritime adventure for the purpose of saving all of the property insured in such maritime adventure". All loss which arises in consequence of extraordinary sacrifice made or expenses incurred for the preservation of the ship and cargo comes within general average and must be borne proportionately by all who are interested

# MARINE INSURANCE



## Claim Process



Intimation to the insurance company to be done by calling our Customer Support no. 022- 6234 6234/0120- 6234 6234 or by E-mail on [care@hdfcergo.com](mailto:care@hdfcergo.com) to register the claim at the earliest with the details of the nature of loss, location of loss, amount of loss(approx) and policy number for reference.

# MARINE INSURANCE

## Claims documents

### CLAIM DOCUMENTS – ALL CLAIMS

Invoice & Packing list

BL / Airway Bill / Lorry Receipt - copy of both the sides

Copy of correspondence exchanged between Consignor & Consignee

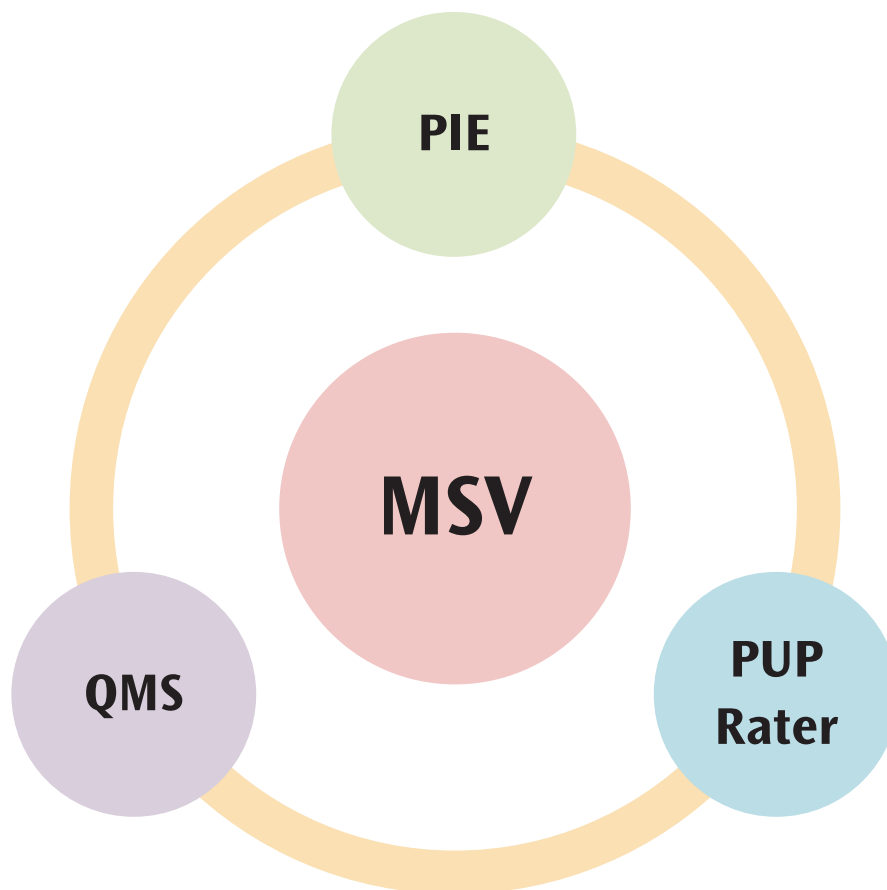
Claim Lodging Letter on carrier with acknowledgement

Damage Certificate / Certificate of Fact – Original

## Process for Quote/ Policy /Endorsement/ Declaration Issuance

### Excel Based Raters

- Marine Open Policy (MOP) Rater – Excel based raters are available where the policies would issued offline and main features are as below:
  - ♦ Annual Sum Insured 50 crs
  - ♦ PBL limit 3 crs
  - ♦ Minimum premium ₹5,000 + GST
  - ♦ Min rate is 0.03



# MARINE INSURANCE

## Systems For Generating Policies And How To Access Them

- Marine Sales Turnover Policies can be taken through QMS through Underwriter Referral
- The Certificates of MOP and MSTOP can be issued from PIE
- Marine Specific Voyage Policy can be issued through PIE ( PI refer the Marine/Mobile PIE)

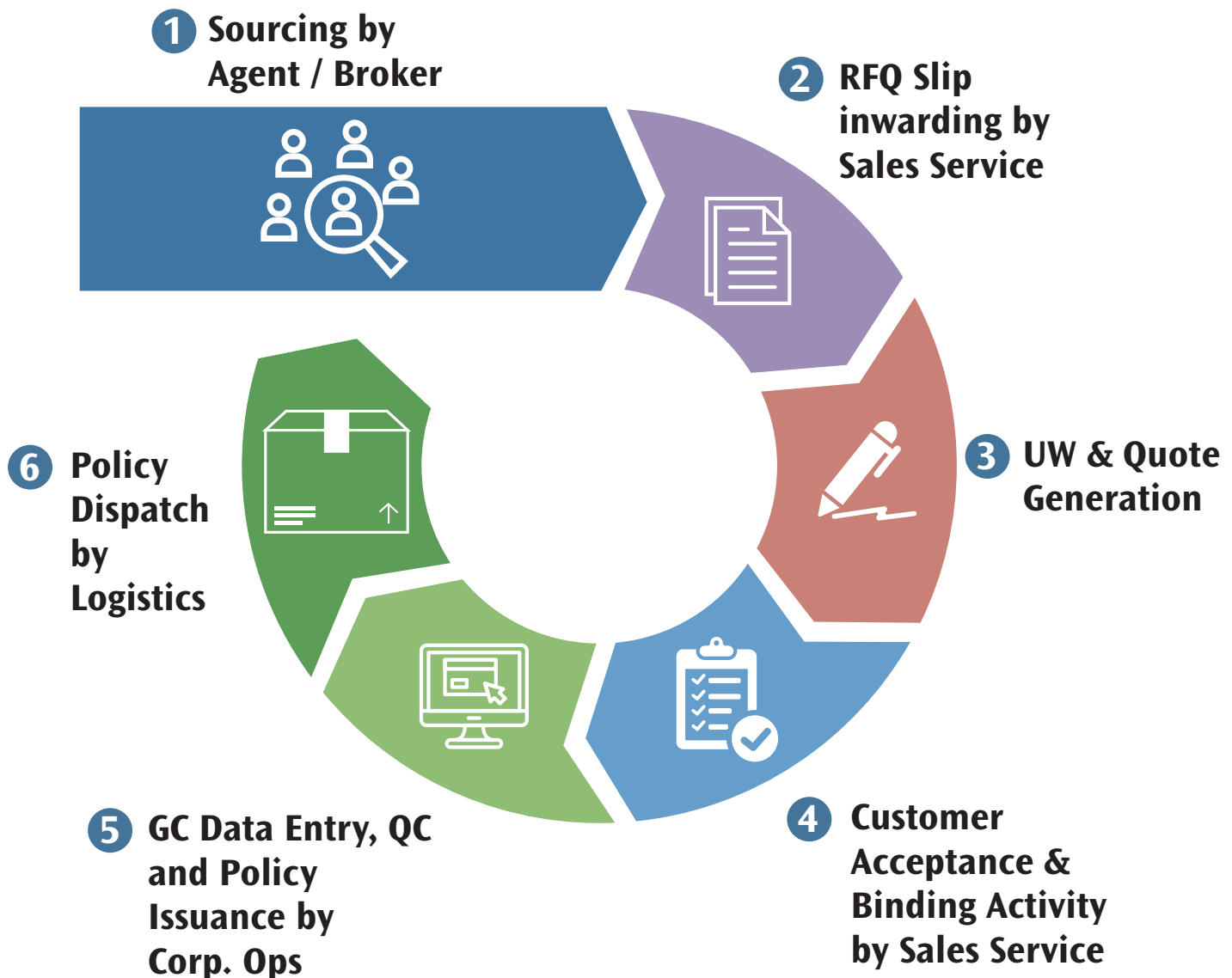
## Endorsements and Declarations

- Endorsements can be financial (non-nil) or non-financial (nil).
- As per recent mandate, all the types of endorsements should take place through QMS only through endorsement lead option.
- But for SME vertical- Agency and Banca Channels, endorsements will happen outside QMS (directly through OPS).

## Certificate Issuance

- The clients can generate Marine Open Cover - Certificates from PIE
- Declarations can be submitted monthly / quarterly in the prescribed format to following email Id: 'Marine.declaration@hdfcergo.com '

## Current Process Workflow followed by Operations



# MARINE INSURANCE

## COMMON WHYS OF MARINE

### Why do we have to monitor declarations?

- To avoid leakage of premium
- Under Open policies, all transits are to be declared without exception. In case of STOP, sales figures to be declared regularly
- In case of selective declarations, claims can be denied
- Timely reminders for declarations appreciated by majority of clients. Helps us get endorsement premium
- Helps in faster confirmation of adequacy of premium leading to faster claim settlements

### WHY are storage risks not preferred?

- Lack of understanding of storage risk intricacies.
- Distinction between limit per location & intentional storage not apparent to the market.
- While full sending limits are rarely exposed, storage limits are exposed for 365 days.
- Potential for high intensity losses especially AOG.
- Disproportionate storage limits sought in many cases.
- Premium grossly inadequate to cover the risk

### WHY are tail-end risks not preferred?

- Difficult to ascertain if loss occurred during the longer ocean leg or during the inland leg.
- Losses when discovered will be on the 'tail-end' insurer only.
- PDI may not be conclusive
- Gap in coverage between the time overseas insurer goes off-risk & tail-end insurer takes over. If insured, 'Tail-end' risks should be on limited, name perils basis only.
- Clear wordings to indicate when the cover commences

### WHY do we add ROD exclusion in our policies?

- Marine policies cover physical loss or damage arising out of a fortuitous event or series of events.
- Rusting, oxidation, discoloration, corrosion or staining develop gradually over a period of time.
- Metals & alloys especially iron & steel are prone to ROD in case of protracted exposure to atmospheric conditions
- Even without this explicit exclusion, claims can be denied under 4.3 of ICC-A ( Insufficiency of packing), 4.4 (Inherent vice) or 4.5 ( Delay)
- ROD arising out of named perils may be considered but not due to rain water ingress

### WHY do we insist on supervision of project/bulk cargo & high value machinery?

- Machinery losses mainly happen during loading, unloading ,inappropriate conveyance, under-powered loading gear or poor stowing & lashing.
- In a bid to cut costs, clients at times compromise on these requirements.
- Presence of our surveyors ensures that these aspects are addressed and if not we can go 'off-risk'
- In case of bulk cargo, paper shortages & contamination are major concern areas & the presence of our surveyors gives us greater control in the operation

### WHY do we not write jewellery, bullion & precious stones?

- High-value low bulk risks.
- Losses could be severe if we do not have a large book.
- In most cases, full value not declared to carrier for conveyance impacting our recovery in case of a loss.
- Not many reinsurance markets in case of large limits.
- For most insurers, as a whole, not a preferred segment

# MARINE INSURANCE

## FREQUENTLY ASKED QUESTIONS (FAQS)

### What are Institute Cargo Clauses?

- Coverage under Marine Cargo policy is as per Institute Cargo Clauses for Export and Import shipments. These clauses are formulated by The Institute of London Underwriters and are common across the world.

### Does All Risk policy cover everything?

- Marine Cargo policy issued on "All Risks " basis does not enumerate the named perils. Instead the policy gives the General Exclusions. Damage / loss to cargo owing to general exclusions fall outside the scope of the policy.

### What is a Certificate of Insurance?

- It is an unstamped document giving the full details of each and every shipment and is treated as an important document in finalizing the export/import documentation process. Certificate of insurance shall be subject to the terms and conditions of the open policy.

### How important are sale terms?

- The sales terms/contract is agreed upon between the buyer and seller. The most common Sales contract are Ex-Works (EXW), Free on Board (FOB) , Cost and Freight (CFR) and Cost Insurance and Freight (CIF). The transfer of risk from the buyer to seller are determined by above terms which are also known as INCO terms.

### What is Marine Cargo Insurance

- Provides coverage against loss/damage to goods whilst in transit in any mode of transport from point A to point B under a contract of affreightment

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*Take it easy!*

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