

MACHINERY LOSS OF PROFIT INSURANCE

PROSPECTUS

Scope of Cover

Machinery loss of profit insurance is an extension of Machinery Breakdown / Boiler and Pressure Plant Insurance Policy. It follows the fortune of the material damage policy as per the material damage proviso.

It is a pre-requisite for a Machinery loss of profit policy to have a material damage policy in force at the time of happening of the damage covering the interest of the insured in the property at the premises against such damage.

Policy pays for the following:

- Loss of net profit due to stoppage of business as a result of insured perils.
- Standing charges which continued to accrue in spite of stoppage of business.
- Additional expenditure incurred by the insured to maintain normal business activity during the period in which the business is affected.

Main Exclusions

The policy excludes any consequential loss due to causes excluded under material damage policy.

Sum Insured

It is an indemnity policy. The sum insured is to be declared as annual gross profits estimated during the policy period. The sum insured depends upon the indemnity period.

Premium

The premium will depend on the following factors :

- Replenishment time required for equipment's
- Availability of spare equipment
- Criticality of the equipment, relative importance of Machinery
- Age of Machinery
- Replacement time

Significant Exclusions

The underlying Material Damage policy for this MLOP cover would be Machinery Breakdown policy / Boiler and Pressure Plant Insurance policy. Hence all the exclusions of the Machinery Breakdown policy / Boiler and Pressure Plant Insurance policy would be applicable for MLOP cover.