



**NEW INDIA
ASSURANCE**

(Incorporated in India)

**H. O. & Regd. Office : New India Assurance Building.
Mahatma Gandhi Road, Fort, Bombay.**

**PROPOSAL FOR INSURANCE AGAINST LOSS OF PROFITS
RESULTING FROM FIRE.**

Name of Proposer _____
Address _____

Situation of Premises } _____
Desired to be covered } _____

Nature of Business _____

Date from which Insurance required : _____

Amount of Insurance required : -

1. { (a) On Annual Net Profit before providing for Taxation
& Development Rebate **FS** _____
(b) On Annual Specified Standing Charges

2. { On Lay-off & Retrenchment Compensation payable under
the Industrial Dispute Act 1947 as amended to date **FS** _____

The standing charges to be covered are as follows.

Interest on Debentures, Mortgages Loans
& Bank Overdrafts
Rates and Taxes excluding taxation
(Chargeable on Profit)
Salaries to permanent staff & wages
To skilled employees
Company's contribution to the
Provident Fund
Company's contribution to the Gratuity Fund
Labour Welfare charges
Directors' Fees
Auditors Fees
Legal expenses
Rent

Traveling expenses
Motor Car expenses
Insurance Premium
Advertising
Office expenses
Postage, Telegrams & Telephones
Printing and Stationary
Electrical energy and/or Power charges
Maintenance of Building, Plant and
Machinery
Depreciation (excluding stocks and stores)
Miscellaneous Standing Charges not
exceeding 5% of the amount of
the Standing Charges specified

N. B : -Delete the standing charges not required to be covered

Add any other _____
Standing Charges _____
desire to be _____
covered _____

Particulars of Fire insurance in force on the risk together with the Policy Nos.

a) (i) On Machinery and Plant _____
(ii) On Stock and Stock -in-Process _____

b) Annual Premium paid _____

c) Name of Insurance Company or Companies _____

INSURANCE OF LOSS OF PROFIT RESULTING FROM FIRE

The purpose of any industrial or business activity is to earn profits. The Loss of Profits insurance serves this basic need.

A normal fire insurance policy covers the material damage to property of a manufacturer, viz, his buildings, machinery and other plant against the risks of destruction by fire. Whilst this protection is afforded to the manufacturer, it is not possible for him to erect new buildings and/or install new machinery and plant and put the factory into operation for production purpose immediately after the loss. It may take months and sometimes even years to replace/repair the loss damage and reach pre-fire production/turnover level and resume to earn expected profits.

During the period of interruption when there may be no profits or reduced profits' the manufacturer is saddled with certain fixed items of expenditure like rent, interest on capital etc, which he cannot avoid. Moreover, to fulfill the order schedule on hand, he may have to incur extra cost of producing the goods elsewhere at much higher rates.

The loss of profits insurance is designed to afford protection against such consequential loss following fire, viz.

- i. Loss on account of standing charges.
- ii. Net profit before taxation and,
- iii. Increased cost of working.

The Sum to be Insured : This should be the estimated specified standing charges plus the estimated net profit for the selected period of indemnity based on the actual figures for the last financial year modified in accordance with the trend of your business and market conditions.

Note :- In case the selected period of indemnity is less than 12 months the amount insured should be based on the annual net profit and standing charges.

Period of Indemnity : - The usual period is twelve months, but in some cases particularly where the replacement of machinery becomes necessary, a longer "period" of indemnity' is desired e.g. eighteen months or twenty-four months.

Settlement of Loss: - Claims will be adjusted by a professional Accountant to be mutually nominated by the Insured and the Company.

In adjusting the amount of indemnity, due allowance will be made for any extra-ordinary circumstances in connection with the business, but always subject to the terms and condition of the Policy.

1. Are your account regularly balanced }
And audited? } _____
2. How long has your business been }
Established? } _____
3. Please state the name of your Auditors } _____
4. Are you at present insured against }
Loss of Profits? If so, state details } _____
5. Have you ever claimed on any }
Insurance Company for Loss by fire }
And/or for Loss of profits? If so, }
Please give particulars. } _____
6. Has any Insurance Company declined }
To insure you against Loss by fire or }
Loss of Profit? } _____
7. Please state the Period of Indemnity }
Required. } _____
8. Please state whether insurance is }
Required on Turnover or Output basis } _____
9. If on Output basis:- }
 (a) The nature of Output }
 (b) The unit of production } _____
10. (a) Have you an Insurance in force }
 against any peril other than fire }
 such as Electric Fire, riot, Mali- }
 cious Damage, Explosion, Earth- }
 quake in respect of your Buildings, }
 Machinery and stock? } _____
- (b) If so in case you desire protection }
 against such other perils in respect }
 of this insurance. Please specify each }
 of them separately } _____

I/We hereby apply for an insurance subject to the usual terms and condition of your Policies against loss of Net Profit and Standing charges as stated above arising through reduction in Turnover and increase in Cost of Working caused by fire in the premises herein referred to the Indemnity to be fro a period of _____ months after each fire. I/We also declare that the amount stated herein is not in excess of the Net Profit and Standing charges as shown by my/our Account for the last _____ financial year ending.

I/We agree that this proposal shall be the basis of the contract between **THE NEW INDIA ASSURANCE CO. LTD.** And myself/ourselves.

Dated _____ this _____ day of _____

Signature of Proposer _____

Note : The Liability of the Company does not commence until this proposal has been accepted.

**INSURANCE
AGAINST
LOSS OF PROFITS
RESULTING FROM FIRE**



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ASSURANCE**

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