Bharat Sookshma Udyam Suraksha Policy

In its latest released press on 4th January 2021, the Insurance Regulatory and Development Authority of India (IRDAI) has announced that the Special Fire and Special Perils (SFSP) Policy that was provided earlier under All India Fire and Tariff (AIFT), 2001, will be replaced by the three standard insurance products namely Bharat Griha Raksha Policy, Bhaarat Sookshma Udyan Sukaksha Policy, Bharat Laghu Udyam Suraksha Policy and the general insurers that have been offering the policies for fire and allied perils insurance will be offering the newly launched insurance products from 1st April 2021.

When you own any business or enterprise, it becomes your priority to safeguard your business from the unforeseen perils for the smooth flow of your enterprise as a business is always exposed to a wide range of risks that not only may put a financial burden on you but also can hamper the course of your business. In that scenario, Bharat Sookshma Udyam Suraksha Policy is a messiah as it offers insurance cover to your property related to your business. So when you suffer any unexpected unfortunate incident causing physical loss, damage, or destruction of building and structures, plant and machinery, stock, and other assets that are related to your business, Bharat Sookshma Udyam Suraksha Policy agrees to compensate for your loss.

Key Highlights of Bharat Sookshma Udyam Suraksha Policy

Bharat Sookshma Udyam Policy can protect your business in different ways. Let's have a look at the key highlights of this policy.

Amount of Coverage:

Bhaarat Sookshma Udyan Sukaksha Policy is for enterprises. Under this policy the total value of the insured risks is limited to Rs. 5 crores.

Coverage:

This policy is entitled to provide you three types of coverage namely Standard Covers, In Build Covers, and Standard Add-On Covers.

Reinstatement Value:

This is the amount at which the Insured Property can be reinstated or replaced by a similar property, without deducting depreciation.

Protection From Unexpected Events:

This policy offers coverage for unexpected events like natural calamities, public commotion, acts of terrorism, and many more.

Special Feature:

Underinsurance up to 15 % of Sum Insured can be waived. Underinsurance occurs if the Replacement or Reinstatement value on the date of loss of any Insured Property is more than the Sum Insured.

Stock Cover:

Cover is provided for the frequent fluctuations in stock/stock values on the basis of the declaration.

Flexibility:

This insurance policy is flexible enough and the coverage can be adjusted according to the requirements of the insured.

Smooth and Easy:

Just like all other insurance policies introduced by IRDAI, the features of the Bharat Griha Raksha Policy are customer-friendly and easy to avail of. The Policy Wordings are written in lucid and placid language.

Easy Cancellation and Renewal:

You can cancel the policy at any time according to your convenience and the renewal process is also very simple.

Eligibility Criteria of Bharat Sookshma Udyam Suraksha Policy

Let's have a look at the following regarding which property and who are eligible for this policy.

Eligible Property:

The following properties are eligible for Bharat Sookshma Udyam Suraksha Policy.

- Commercial enterprises such as hotels, offices, restaurants, shops, etc are eligible to get covered under this policy.
- Building with its basements (if any), fittings and fixtures, garage, towers, security sheds, internal roads, lifts, air condition systems, security systems, electric installations, fire sprinkler systems, and other structures that are located strictly within your business premises.
- Plant and machinery, spares, accessories
- The stock of goods or merchandise may include finished goods, semi-finished goods, stock in process and raw material, packing material, etc.

- Other items like furniture, office and electronic equipment, canteen, and kitchen–equipment, computers, etc.

Eligibility of The Policy Seeker:

You can buy this cover for any property that is directly connected to Your business if you are the owner, tenant, lessee, purchaser, or you hold it as a trustee on commission or are responsible for it and liable for taking insurance.

If the value of all Insurable Assets (whether insured or not) at any one business location is within the limit of Rs. 5 Crores at the Policy Commencement Date. But if the value of Your Insurable Assets exceeds Rs. 5 Crores at the policy Commencement Date, you have to go for the applicable policy that is meant for your business risk.

What Coverage Does Bharat Sookshma Udyam Suraksha Policy Provide?

This Policy provides you with three types of covers to keep your business protected.

Standard Cover:

This type of coverage safeguards the building and structures, plant and machinery, stock, and other assets that have a direct connection to Your business.

In-Built Covers:

The In Build covers refer to the following coverage for the loss or damages that this policy offers along with the Standard Covers.

- **Additions, alterations, or extensions:** Property that you own, acquire or add during the Policy Period is covered up to 15% of the sum insured for that item (excluding stocks).
- **Stocks on a floater basis:** Coverage will be provided for the loss to stocks located at more than one named location.
- **Temporary removal of stocks:** If you temporarily remove your stocks to the other places for the purpose of fabrication, processing, or finishing, in that case, if you suffer any loss that will be compensated up to 10% of the value.
- **Cover for Specific Contents:** Cover for money up to Rs. 50,000/- during the policy period, cover for documents such as deeds, manuscripts, business books, plans, drawings, securities, etc., up to Rs. 50,000/- during the policy period, cover for computer programs, information, and data up to Rs. 5 Lakh during the policy period and cover for personal effects of employees, Directors, and visitors up to Rs. 15,000 per person for a maximum of 20 persons during the policy period.
- **Start-up Expenses:** If any start-up cost is incurred by You, consequent upon a loss or damage due to insured events will be reimbursed up to Rs. 1 lakh during the policy period.

- **Professional fees:** The expenses occurred due to the fees of architects, surveyors, and consulting engineers will be covered under this policy up to 5% of the amount of the claim.
- **Cost of removal of debris –** If you suffer any reasonable cost for removal of debris, that expense will be taken care of by the policy up to 2% of the amount of the claim.
- **Costs compelled by Municipal Corporation –** If any additional expensed incurs to you due to the reconstruction of any insured property for complying with municipal regulations will be covered under this policy.

Standard Add-on:

According to the requirements of your business, you can extend the benefits of the policy by adding one or multiple add-ons by paying an additional premium for that. It is to be remembered that the additional benefits may vary from insurer to insurer.

What Are The Exclusions of The Bharat Sookshma Udyam Suraksha Policy?

There are some exclusions under Bharat Sookshma Udyam Suraksha Policy and the general events that are covered by the policy are mentioned below.

Intentional Damage:

If you suffer any loss or damage that has been done by you deliberately or willfully, the insurer does not take the responsibility for that.

Stock: If any loss, destruction, or damage to your stocks in cold storage due to a change in temperature, your loss will not be covered by the policy.

War: Any loss occurred due to war, invasions or war-like situation will be excluded from the coverage.

Radiation: Due to ionization or radioactive waves, if any loss or damage occurs that will not be covered by the company.

Pollution and contamination: Damage or loss arising out of pollution or contamination will not be reimbursed.

Preparation of Claim:

The costs, fees, expenses that occur to you due to the preparation of the claim will be excluded from the coverage.

Unoccupied insured building:

If your building insured under this policy remains unoccupied for more than 30 days, in that case, no compensation will be provided for any loss or damage.

Missing or mislaid property:

If the insured property is missing or has been mislaid, no reimbursement will be offered in that case.

Consequential loss:

If you suffer any consequential or indirect loss or damage, the company does not take any responsibility for that.

Electronics:

Loss, damage, or destruction to any electrical/electronic machine, apparatus, fixture, or fitting due to over-running, excessive pressure, short-circuiting, arcing, self-heating, or leakage of electricity from whatever cause (lightning included) is not covered under this policy. This exclusion applies only to the particular content that is lost, damaged, or destroyed.

How Does Bharat Sookshma Udyam Suraksha Policy protect the Insured?

To make it more understandable and simpler for you, here is one table that gives you the details of the coverage that the Bharat Sookshma Udyam Policy offers to protect you in different ways.

General Protections

Your Loss	Condition	The policy will pay but not more than the Sum Insured
Any insured property is damaged (partial loss)	You have repaired such property	Cost of repairs
If any insured stock is damaged (partial loss)		The extent of the loss of such partial loss
Any building or plant and machinery or furniture, fixture, fitting is completely destroyed. (total loss)	You have rebuilt the building or reinstated such property.	Reinstatement value
Stock is completely destroyed (total loss)		1. For raw material – Landed cost at your premise. 2. For stock in the process – Input cost of the stock at the time of damage. 3. For finished stock – The manufacturing cost of the finished stock or the Contract Price of goods sold out but not delivered.

Any building or plant and machinery or furniture, fixture, fitting is completely destroyed. (total loss)	You have not rebuilt the building or reinstated other property.	Market value (Reinstatement Value less depreciation)

Unexpected Events Coverage

Insurance cover for physical loss or damage, or destruction caused to Insured Property by the following unforeseen events occurring during the Policy Period.

Fire:

If your insured property gets damaged by Fire, including due to its own fermentation, or natural heating, or spontaneous combustion fire, the company will cover that loss. Even bush fire, jungle fire, and forest fire are covered under this policy.

Explosion or Implosion:

Any damage or loss that occurred due to explosion or implosion is covered under this policy.

Natural Catastrophes:

The Bharat Sookshma Udyam Suraksha Policy protects your business from natural disasters like earthquakes, lightning, volcanic eruption, or other convulsions of nature.

Unfortunate Calamities:

This insurance policy offers coverage for different unfortunate calamities such as typhoons, tornadoes, tsunami, floods, cyclones, storms, hurricanes, tempests, and some more.

Unexpected Perils:

Your insured business property is protected under this policy against subsidence of the land on which Your Home Building stands, Landslide, Rockslide.

Public Commotions:

If you face any loss or damage due to different public unrest such as acts of terrorism, riots, strikes, or any other public unrest, the company will bear that loss.

Collision:

Impact damage of any kind that is damage caused by the impact of, or collision caused by, any external physical object (e.g. vehicle, falling trees, aircraft, wall, etc.) is included as covered under this policy.

Leakage:

If you suffer a loss due to leakage from automatic sprinkler installations, bursting or overflowing of water tanks, apparatus, and pipes, the company will compensate for that.

What Are The Factors of The Sum Insured of Bharat Sookshma Udyam Suraksha Policy?

There are some factors on the basis of those the sum insured under this policy is calculated. The followings are the factors of the sum insured of Bharat Sookshma Udyam Suraksha Policy.

- <u>For Building, Plant and Machinery, Furniture, Fixture and Fittings, and any other contents:</u> The Reinstatement Value
- <u>For Stocks:</u>

1. **For raw material:** Landed Cost at Your Premises.
2. **For stock in the process:** Input Cost of the stock at the time of damage,
3. **For the finished stock:** the Manufacturing Cost of the Finished Stock or the Contract Price of goods sold but not delivered.

Contract Price is in respect only of goods sold but not delivered, for which you are responsible and with regard to which under the conditions of the sale, the sale contract is canceled by reason of any damage insured under this Policy either wholly or to the extent of the damage. The Company's liability shall be based on the Contract Price.

- Bullion or unset precious stones, any curios or works of art or obsolete machinery, and the like are to be covered on an Agreed Value basis subject to a valuation certificate being submitted and found acceptable by the insurer.

How Much Reimbursement Will I Receive if There is a Covered Loss?

The factors of calculating the sum insured under Bharat Sookshma Udyam Suraksha Policy are mentioned above. The amount you need to reinstate or replace the damaged or destroyed building, plant and machinery, stock, and other assets is covered under the policy and this is the Sum Insured for each item or group of items. In case of partial loss, the amount you have spent to repair them is reimbursed and in case of a total loss, the maximum amount that the policy will pay is the sum insured for that item or content.

Your document namely Policy Schedule will reflect the amount of Sum Insured for each cover and for the item of property. In case of a successful claim that is the maximum amount, this policy will pay if the actual cost of repair, rebuilding, or replacement is higher. This policy will automatically end when the company compensates the whole Sum Insured of any cover or item insured.

You must commence the repairs, reinstatement, or reconstruction within a reasonable time after the date of damage or destruction. You must complete the repairs or reinstatement within a reasonable time, in any case not beyond 12 months from the date of damage or destruction or within such time as the insurer may allow.

It has to be noted that in all cases, the insurer will not pay more than the relevant Sum Insured.

The policy pays only that extent of the amount that you need to bring the damaged property to the condition that is substantially the same as the previous, but not superior, better, or more extensive than its condition. It is up to you where you want to reconstruct the building; you may rebuild the new building on the same site or another site. If you reconstruct the new building on another site, the policy will not pay you more than what the insurer would pay to reconstruct on the same site.

Claim Settlement Process of Bharat Sookshma Udyam Suraksha Policy

For availing a smooth and easy claim settlement process you can follow the below-mentioned steps:

- If your insured business property suffers any loss or damage, you need to intimate the insurer immediately, at least within 24 hours.
- You should take all probable steps to prevent further damage to the Insured Property.
- A surveyor will be appointed on the behalf of the insurance company to assess the damage or loss and to make a report on that. It would be advisable to keep a copy of that report as it may help you in future reference.
- All the proofs, witnesses, and required documents are needed to be submitted along with the duly filled claim form.
- Preserve and collect evidence, take and preserve photographs and produce wherever required.
- Your claim approval highly depends upon the report of the surveyor. So do not produce any wrong or misleading information. And, cooperate with the surveyor and the insurer.
- Whenever required report to police, fire authorities, and appropriate concerned legal authorities and provide a copy of that to the surveyor and insurer.
- It is advisable to keep a copy of the Bharat Sookshma Udyam Suraksha Policy and to produce it before the insurer and the surveyor.
- You must submit the claim form at the earliest opportunity but within 30 days from the date, you first notice the loss or damage.
- If the company finds the case fit and genuine, it would approve the claim, else the claim would be rejected.