

Business Guard – Commercial Policy Package (Small Business Solutions) - Retail

Insurance Regulatory and Development Authority of India (IRDAI) has issued guidelines to introduce standardized products for Dwellings, Micro and Small Businesses to provide coverage for Fire and Allied Perils with effect from 1st April, 2021. These products will benefit the policyholders by bringing in uniformity in the policy structure and ease of understanding of the policies.

Based on the guidelines issued, these risks pertaining small level enterprises stands de-notified from All India Fire Tariff (AIFT) 2001 w.e.f 1st April 2021 and new standard product as mentioned below has been introduced to cover the Standard Fire and Special Peril policies.

- Bharat Sookshma Udyam Suraksha

Business Guard – Commercial Policy Package (Small Business Solutions) – Retail is a ‘Package’ policy wherein the fire section is as per the new standard Product ‘Bharat Sookshma Udyam Suraksha’. This Package also offers covers like Burglary, Money, Portable equipment, Electronic equipment, Machinery Breakdown, Plate Glass, Neon Sign, Workmen’s Compensation, Personal Accident, Baggage, Fidelity and Public Liability under one single policy.

Special Features of the Product (Bharat Sookshma Udyam Suraksha):

- This product is meant for all risks (except dwellings) in India where the total ‘Value at Risk’ is up to ₹ 5 Crore across all insurable asset classes at any one location at the commencement of the insurance cover.
- Excess of ₹ 5,000 for each claim
- Standard Addons:
 - Declaration Policy for Stocks
- Underinsurance waiver upto 15%
- In-built Covers:
 - Additions, alterations or extensions - Any addition, alteration and erection of Property is covered upto 15% of the Sum Insured for that item (excluding stocks).
 - Temporary removal of stocks - Loss to stocks temporarily removed to other premises for fabrication, processing or finishing upto 10% of value.
 - Cover for Specific Contents:
 - Cover for Money upto ₹50,000
 - Cover for documents such as deeds, manuscripts, business books, plans, drawings, securities etc. upto ₹50,000
 - Cover for computer programmes, information and data upto ₹ 5 Lakh
 - Cover for personal effects of employees, Directors and visitors upto ₹15,000 per person for a maximum of 20 persons.
 - Start-Up Expenses - Start-up cost incurred in respect of insured risk consequent upon a loss or damage due to insured events upto ₹ 1 Lakhs.
 - Professional fees - Reasonable fees of architects, surveyors, and consulting engineers upto 5% of the claim amount.
 - Costs for Removal of debris - Reasonable expenses for removal of debris upto 2 % of the claim amount.
 - Costs compelled by Municipal Regulations - Additional cost of reconstruction of property incurred solely for complying with municipal regulations limited to policy Sum Insured
 - Floater Cover for Stocks

Comparison of the ‘Bharat Sookshma Udyam Suraksha’ with current SFSP:

Covers	SFSP	Bharat Sookshma Udyam Suraksha
Fire	Inbuilt	Inbuilt
Lightning	Inbuilt	Inbuilt
Explosion/Implosion	Inbuilt	Inbuilt
Aircraft Damage	Inbuilt	Covered in Impact Damage

RSMD	Inbuilt	Inbuilt
STFI	Inbuilt	Inbuilt
Impact Damage	Inbuilt	Inbuilt
Landslide/Rockslide	Inbuilt	Inbuilt
Bursting/Overflowing of water Tanks, Pipes	Inbuilt	Inbuilt
Missile testing Operations	Inbuilt	Inbuilt
Leakage from Automatic sprinklers	Inbuilt	Inbuilt
Bush Fire	Inbuilt	Inbuilt
Earthquake	Addon	Inbuilt
Terrorism	Addon	Inbuilt
Forest/Jungle Fire	Addon	Inbuilt
Spontaneous Combustion	Addon	Inbuilt
Theft within 7 days from the occurrence of and proximately caused by any of the Insured Events	Not Covered	Inbuilt

Frequently Asked Questions:

1. What is 'Value at Risk'?

'Value at Risk' at any one location means the value of all property in that location including Buildings, Fittings and Fixtures, Plant and Machinery, Stocks, other contents etc where the proposer has insurable interest.

2. Whether there are any provision in the Policy to exclude inbuilt perils to arrive at reduction in price?

There are no provision in the policy to exclude Inbuilt Perils.

3. Does Business Guard – Commercial Policy Package (Small Business Solutions) – Retail policy allow Under insurance Waiver?

In these products, under insurance is waived up to 15%, but beyond that under insurance is applicable to full extent.

4. What is the provision to increase/decrease the Sum insured during the policy period?

At the request of the insured, Sum insured under the policy can be increased / decreased subjected to payment of premium.

5. What are the options to increase the coverage under the policy?

There is an option to increase the coverage by the means of add-ons.

6. Whether there will be an impact on policy wording due to increase in Policy Sum Insured, once it falls in next SI Slab i.e. Policy Sum Insured changes from 0-5 Crs slab to 5-50 Crs slab.

During mid-term, there will be no impact on policy wording due to Sum Insured increase. However, at the time of renewal, applicable policy wording as per sum insured will be selected while policy issuance.

7. What does actual cost mean in Costs compelled by Municipal Regulations?

Upon occurrence of an Insured peril, these are the costs incurred by insured (on actual basis) at the time of Reinstatement of property due to change in Municipal Regulations.

8. What does Impact damage of any kind means?

Impact damage of any kind means damage caused by impact, or collision caused by, any external physical object (e.g. vehicle, falling trees, aircraft, wall etc.).It is similar to the traditional accidental damage.

9. Whether are the floater provision in the policies?

Floater is an inbuilt cover under Business Guard -Commercial Policy Package (Small Business Solutions) - Retail.

10. What is the provision of Theft coverage in the policy?

Losses / damage due to theft will be covered within 7 days from occurrence of an Insured peril.

11. What are the options to increase sum insured limits for Inbuilt Covers?

Presently, Sum Insured limits of inbuilt covers are fixed as per IRDA guidelines.

12. How will the 'Top Location' be arrived calculated?

'Top Location' will be the maximum 'Value at Risk' at a location

13. Whether Jungle Fire and Forest Fire are same?

Yes, both are same as per product wordings.

14. Whether the Consequential Loss (Fire) Insurance will continue to be guided by erstwhile Consequential Loss (Fire) Tariff when issued 'Business Guard – Commercial Policy Package (Small Business Solutions) - Retail'?

Yes, Consequential Loss of Profit (Fire) policy will be continued to be guided by provisions of erstwhile Consequential Loss (Fire) Tariff.

15. Is partial selection of asset allowed?

Partial Selection of asset is not allowed. The policy allows cover for complete value of plant and machinery, Stocks and FFF at the risk premise.

16. If Consequential Loss (Fire) Insurance is given along with Business Guard – Commercial Policy Package (Small Business Solutions) - Retail, how will 'Value at Risk' be determined? Will it be the value of Material Damage + Business Interruption or Only Material Damage.

Value at Risk refers to the value of Material Damage.

17. Can Plinth and foundation be excluded from Value of Building?

Plinth and Foundation cannot be excluded.

18. Whether Extension of short period policy is possible in the product?

Extension of short period policy is not possible, however annual policy can be issued on completion of Short period.

19. Can Deductible be changed- increased or decreased?

No, Change in deductible is not permissible.

20. Can Goods held in trust be covered?

Goods held in trust are deemed to be covered, unless specified.