



**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.**

1. Name of proposer (in full): .....
2. Gender: (F)\_\_\_\_\_ (M)\_\_\_\_\_ - only to be provided if proposer is individual
3. Date of birth/Age \_\_\_\_\_ - only to be provided if proposer is individual
4. Address: .....
5. Province .....
6. TIN No. \_\_\_\_\_
7. Proposer's Business/Profession: .....
8. Full Name and Address of Mortgagee or other interested parties: .....

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 **F\$** \_\_\_\_\_  
 (b) On Annual Specified Standing Charges
2. { On Lay-off & Retrenchment Compensation payable under the Industrial Dispute Act 1947 as amended to date **F\$** \_\_\_\_\_

**The standing charges to be covered are as follows.**

- |   |   |
|---|---|
| Interest on Debentures, Mortgages Loans & Bank Overdrafts | Traveling expenses  |
| Rates and Taxes excluding taxation Chargeable on Profit)  | Motor Car expenses  |
| Salaries to permanent staff & wages To skilled employees  | Insurance Premium   |
| Company's contribution to the Provident Fund              | Advertising   |
| Company's contribution to the Gratuity Fund               | Office expenses   |
| Labour Welfare charges                                    | Postage, Telegrams & Telephones   |
| Directors' Fees   | Printing and Stationary   |
| Auditors Fees   | Electrical energy and/or Power charges  |
| Legal expenses  | Maintenance of Building, Plant and Machinery  |
| Rent  | 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**

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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.

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**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.

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**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**