

Machinery Breakdown

UIN IRDAN102RP0014V01100001

Machinery Breakdown insurance is a type of engineering insurance that individuals or corporate entities can opt for, to cover losses or damages caused to insured property due to operation of electrical/mechanical breakdown.

Insured property can be various types of equipment, plant & machinery viz. boilers, turbines, generators, transformers, electrical panels, air compressors, furnaces, lifts, motors, pumps, engines etc.

What are the key benefits of a Machinery Breakdown Insurance Policy?

1. Covers breakdown (Mechanical, Accidental, Electrical) of machinery which is not provided under the Standard Fire & Special Perils Insurance Policy.
2. The insured can select the machinery for which cover is required.
3. Basis for claim settlement: For Partial Loss: Indemnity on Reinstatement Value Basis – New for Old without deduction towards depreciation. For Total loss: Sum Insured under the policy less depreciation.

What are the unique features of this policy?

1. This is a listed perils policy covering damage to insured machinery against accidents and Breakdown, whether the insured machinery is at work or at rest.
2. The cover operates even at the time of machinery being dismantled for purpose of cleaning, overhauling or whilst being shifted within the premises.
3. Standard cover across all types of customer segments.

Sum Insured

Sum insured should be equal to Current replacement value including invoice cost, freight, insurance, handling cost, erection cost and taxes. Machinery Breakdown Insurance Policy cannot be issued on agreed value basis.

What are the major Exclusions under this Policy?

- War and Nuclear Perils
- Perils covered under Fire policy such as Fire, lightning, Earthquake, Riot, Strike, Malicious damage.
- Loss/ damage resulting from overload experiments or tests
- Gradually developing flaws, defects,
- Deterioration of or wearing away or wearing out any part of any machine



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- Loss, damage caused by or arising out of the willful act or gross negligence
- Liability assumed by the Insured by agreement
- Loss, damage due to pre-existing faults or defects known to the Insured
- Other consequential loss incurred by the Insured.
- Damage due to explosions in chemical recovery Boilers
- The Excess, as stated in the Schedule
- Loss of or damage to consumables viz. belts, ropes, chains, rubber tyres etc.; objects made of glass, porcelain, ceramics, all operating media (e.g. lubricating oil, fuel, catalyst, refrigerant), packing material, parts not made of metal etc.
- Loss or damage for which the manufacturer or supplier or repairer of the property is responsible either by law or contract.

Policy period: One year

What is the claims procedure?

- Claim can be intimated by the insured at any of our offices or call us at 1860 258 0000 / 1860 425 0000.
- The company will assign a surveyor to assess the damaged site for the loss evaluation.
- **Documents to establish cause, extent, and loss adjustment as per policy terms will be required to be submitted by the insured. In General, the following documents are required**
 - Claim form,
 - Fire Brigade Report / FIR,
 - Proof in support of the Cause of Loss, like OEM report (RCA),
 - List of Items Covered / Asset Register,
 - Quotation to establish the cost of replacement,
 - Repair / Reinstatement Invoices with Payment proof,
 - CKYC documents PAN, ROC certificate, Aadhaar, and GST Registration Certificate
 - Any other document: There may be specific requirements depending upon the merits of each case.

Turn Around Time for claims settlement:

- 15 working days from the date of receipt of the survey report or last document/ clarification from the Insured / Surveyor, whichever is later.

Deductibles (Excess)

1% of sum insured for each machine subject to a minimum of Rs 2,500/-.

Note: Sum Insured of the machine should be declared as a whole and should not be apportioned towards parts of machine.