THE NEW INDIA ASSURANCE COMPANY LIMITED
Head Office : New India Assurance Bldg.
87, M.G. Road, Fort, Mumbai – 400 001
CIN No: L66000MH1919GOI000526 / IRDAI Regn. No.190

Prospectus

Advance Loss of Profit (ALOP) insurance

UIN : IRDAN190CP0068V01100001

Advance Loss of Profit (ALOP) insurance, also known as Delay in Start-Up (DSU) insurance, covers financial losses caused by project delays. It indemnifies business owners for lost anticipated profits, fixed operating costs, and debt servicing during the period a project is delayed from its scheduled commercial start date.

Advance Loss of Profit (ALOP)

in respect of the loss of gross profit actually sustained due to the reduction in turnover and the increased cost of working, if at any time during the period of insurance or all the insured items suffer loss or damage covered under this Policy, unless specifically excluded, thereby causing an interference in the erection work and/or testing schedule resulting in a delay of commencement of and/or interference with the insured business, hereinafter referred to as “the delay”.

Advance Loss of Profit -ALOP is typically purchased by project principals or developers as an endorsement to a Material Damage policy—such as a Contractors All Risk (CAR) or Erection All Risk (EAR) policy. Insurance period identical to MD erection period

Trigger Events

The policy only activates if the delay is caused by an insured peril covered under primary project policies like the **Contractors' All Risk (CAR)** or **Erection All Risk (EAR)** policies

Common triggering events include:

- Structural collapses, fire, or explosion.
- Severe natural catastrophes (e.g., earthquakes, floods).
- Damage to critical equipment while in transit or during site installation.

Key features of an Advance Loss of Profit- ALOP policy include:

- **Loss of Gross Profit:** The policy compensates for lost anticipated gross profits. Covers the loss of net profits and ongoing fixed charges (e.g., salaries, loan interests, and rent) that continue to accrue during the delay.
- **Increased Cost of Working:** Reimburses additional, reasonable expenses incurred by the business to minimize or avoid turnover losses during the extended timeline.
- **Period of Restoration:** Coverage generally pays out from the date of the disaster until your property is rebuilt and operations resume
- **Indemnity Period:** The maximum period (e.g., 12, 18, or 24 months) for which the insurer will pay compensation. This duration is carefully selected based on the time required to rebuild, re-test, and re-commission the damaged section of the project
- Advance Loss of Profit- ALOP **excludes** coverage for delays caused by financial shortages, raw material non-availability, or government restriction of licenses.

- **The policy is subject to a compulsory excess.**
    - **Time Excess (Deductible):** A specific timeframe
      [i] “for Normal project [30 days for the first 12 months & 1 day for each erection month in addition to 12 months subject to maximum as per policy schedule]
      [ii] “For specialized projects, (like All water works, Canals, Dams, Hydro power, Tunnels, Irrigation systems etc) - 45 days for the first 12 months & 1 day for each erection month in addition to 12 months subject to maximum as per policy schedule]
    - From the scheduled opening date where the policy will not pay for initial delays. The insured bears the financial loss during this initial period.

Special Exclusions

The Insurers shall not be liable for
1. loss of gross profit and/or increased cost of working due to any delay caused by or resulting from

  1 .1 . loss or damage covered under the policy by way of endorsement, unless it has been specifically agreed in writing;
  - 1.2. earthquake, volcanic eruption, tsunami, unless it has been specifically agreed in writing;
  - 1.3. loss of or damage to surrounding property, construction machinery, plant and equipment;
  - 1.4. loss of or damage to operating media or feedstock, shortage, destruction, deterioration of or damage to any materials necessary for the insured business;
  - 1.5. any restrictions imposed by a public authority;
  - 1.6. non-availibility of funds;
  - 1.7. alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out after the occurrence;
  - 1.8. loss or damage to items taken over or taken into use by the Insured or for which cover under this Policy has ceased;

Special Conditions
1. The Insured shall present the Insurers with updated progress reports at intervals stated in the Schedule to this Section.
2. In the event of any material change in the original risk such as
- Changes of the envisaged progress programme, testing procedure, etc.
- Alteration, modification or addition to any item of machinery or work, etc.
- Departure from prescribed construction or operation conditions
- Changes in the Insured’s interest
  (Such as discontinuation or liquidation of the business or its being placed in receivership)
taking place, the Policy shall be void unless its continuance be agreed by memorandum signed by the Insurers.

CLAIM :
• Submit duly filled in claim form along with necessary documents to substantiate the financial loss suffered as a result of the accident.
• give notice immediately along with details of the event and loss,
• take all reasonable steps to prevent further loss / damage.

Common Documents required by insurer for processing the claim:
1. Certified true copy of the policy along with schedule and endorsements/clauses.
2. Claim form.

3. Newspaper reports on the incident, if any.
4. Photographs.
5. Past claims experience.

- **Helpline / Toll-Free:** 1800-209-1415 or through the company website.
- **Website:** www.newindia.co.in
- **Bima Bharosa:** https://bimabharosa.irdai.gov.in/
- **Insurance Ombudsman Website:** https://www.cioins.co.in/
- You can submit your grievance in writing through post or email.
- **The New India Assurance Co. Ltd.**
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