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

Sales Literature

Advance Loss of Profit (ALOP) insurance

UIN : IRDAN190CP0068V01100001

Advance Loss of Profit (ALOP) **Delay in Start-Up (DSU) insurance**

Advance Loss of Profit (ALOP) insurance, also called Delay in Start-Up (DSU) insurance, covers the financial losses project owners face when a construction project is delayed. It indemnifies against lost anticipated profits, fixed operating costs, and debt servicing during the period a project is delayed from its scheduled commercial start date.

Financial Compensations

- **Loss of Gross Profit / Earnings:** Compensates for the anticipated net profit and standing charges (e.g., salaries, director fees) that the business would have generated had the delay not occurred.
- **Debt Servicing & Fixed Costs:** Provides liquidity to repay principal installments and interest on project loans during the delay period, ensuring the project doesn't default.
- **Increased Cost of Working (ICW):** Covers reasonable additional expenses incurred purely to accelerate the completion schedule and avoid further loss of turnover (e.g., overtime labour or express shipping of materials).

Sum Insured :
To determine the correct ALOP sum insured, the following specific details and components are required:

- **Anticipated Gross Profit**: Calculated as Net Profit + Uninsured/Standing Charges for the indemnity period.
- **Indemnity Period**: The maximum timeframe (e.g., 12, 18, or 24 months) the policy will compensate for delays starting from the scheduled Commercial Operations Date (COD).
- **Projected Capacity**: Based on designed and achieved outputs, typically verified by operating the plant for one complete fiscal year.
- **Standing Charges**: Includes essential fixed expenses like interest on loans, rent, and salaries that the business must still pay even before operations officially commence.

Under Insurance :
Underinsurance occurs when the selected **Sum Insured** is lower than the actual financial exposure during the maximum indemnity period, resulting in reduced claim payouts via the **Average Clause**

Common Trigger :
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 such as

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

Policy Limits

- **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.
- **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.
    - Insurance period should be identical to MD erection period.

Exclusions

The scope does not cover every reason for delay. Standard exclusions include:

- Simple schedule slippages, bad weather, or poor project management.
- Lack of available funds to repair or replace damaged items.
- Government restrictions, cancellation of licenses, or zoning disputes.
- Delays caused by strikes, lockouts, or embargoes (unless specific extensions are purchased).

Claims Process

- Give notice immediately along with details of the event and loss.
- Report to police, fire authorities, or other appropriate legal authorities.
- Provide evidence of the incident, including the cause.
- Inspection: Retain damaged stock for a surveyor/company representative to inspect.
- Take all reasonable steps to prevent further damage.
- Take all reasonable steps to salvage unaffected stock Do not sell, give away, or dispose of any damaged items.
- Do not carry out repairs without informing the insurance company.
- Preserve and collect evidence, and take and preserve photographs.
- Submit the claim form at the earliest opportunity.

Other Details :

- **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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