

## COMMERCIAL INSURANCE

### Property / Fire Insurance

Commercial enterprises are broadly divided into two types:

- Small and Medium Enterprises [SMEs] and
- Large Business Enterprises

Historically, general insurance sector has largely developed by catering to the needs of these customers.

Selling general insurance products to commercial enterprises calls for a careful matching of insurance products with their needs. Agents must have a proper understanding of the products available. Let us briefly consider some of these general insurance products.

### Property / Fire Insurance

Fire insurance policy is suitable for commercial establishments as well as for the owner of property, one who holds property in trust or in commission and for, individuals / financial institutions who have financial interest in the property.

All immovable and movable property located at a particular premises such as buildings, plant and machinery, furniture, fixtures, fittings and other contents, stocks and stock in process, including stocks at suppliers / customer's premises, machinery temporarily removed from the premises for repairs can be insured. Monetary relief is essential to rebuild and renew the property damaged to bring back the business to its normal course. It is here that fire insurance plays its role.

### Business Interruption Insurance

This type of insurance is also known as Consequential Loss Insurance or Loss of Profit Insurance

Fire insurance provides indemnity against material or property damage or loss suffered to building, plant, machinery fixtures, fittings, merchandise goods, etc. by insured perils. **This may result in total or partial interruption of the insured's business**, resulting in various economic losses, during the period of interruption.

#### 1. Coverage under Business Interruption Policy

Consequential Loss (CL) Policy [Business Interruption (BI)] provides indemnity for loss of what is termed as gross profit - which includes Net Profit plus Standing Charges along with the increased cost of working incurred by the insured to get the business back to normalcy, as soon as possible to reduce the final loss. The perils covered and conditions are the same as those covered under the fire policy.

This policy can be taken only in conjunction with standard fire and special perils policy as claims under this policy are admissible only if there is a claim under standard fire and special perils policy.