

Engineering Insurance

Engineering insurance is a branch of general insurance that developed parallel with the growth of fire insurance. Its origins can be traced to the development of industrialization, which highlighted the need for a separate cover for plant and machinery. Concept of **All Risks** cover was also developed with regard to engineering projects - covering damage due to any cause except those specifically excluded. The products covered various stages - from construction to testing till the plant became operational. The customers for this insurance are both large and small industrial units. This also includes units having electronic equipment and contractors doing big projects.

Types of engineering insurance policies

Let us briefly consider the major policies that fall under this type of insurance

1. Contractors All Risks (C.A.R.) Policy

This is designed to protect the interests of contractors and principals engaged in civil engineering projects from small buildings to massive dams, buildings, bridges, tunnels, etc. The policy provides an "All Risk" cover - thus providing indemnity against any sudden and unforeseen loss or damage that occurs to property insured at the construction site. This can be extended to cover third party liability and other exposures. Premium chargeable depends on the nature of the project, the project cost, the project period, geographic location and the period of testing.

2. Contractors Plant & Machinery (CPM) Policy

Suitable for contractors involved in construction business for covering all kinds of machinery like cranes, excavators, from unforeseen and sudden physical loss or damage from any cause including:

- a) Burglary, theft, R.S.M.D.T.
- b) Fire and lightning, external explosion, earthquake and other Acts of God perils
- c) Accidental damage while at work due to faulty manhandling, dropping or falling, collapse, collision and impact; can be extended for third party damage.

Premium depends on the type of equipment and the location at which it operates.

The cover is operative whilst the equipment is at work or at rest or being dismantled for cleaning or overhauling or re-assembling thereafter. The cover also applies while the same are lying at contractors own premises.

3. Erection All Risks (EAR) Policy

This policy is also known as Storage-cum-Erection (SCE) policy. It is suitable for the principal or contractors of a project whereas plant and machinery is being erected as it is exposed to various external risks. This is a comprehensive insurance policy that covers any sort of contingency right from the moment the materials are unloaded at the project site and continues during the entire project period until the project is tested, commissioned and handed over.