



FINAL SURVEY REPORT

Surveyor Ref:		Insurers' Ref:	
No: 14783/ICICI/19-20		Insured Name: Paper and Board Impex	
Report Date	5 th November 2019	Policy No:	1001/161828365/00/000
		Claim No.:	FIR001797592

STRICTLY CONFIDENTIAL & PRIVILEGED FOR THE USE OF INSURERS AND THEIR LEGAL ADVISORS ONLY

*Survey report regarding claim preferred by M/S. Paper and Board Impex for
loss/damage to their property insured under Standard Fire & Special Perils Policy*

1.0 INTRODUCTION

- 1.1 M/S. Paper and Board Impex preferred claim on ICICI General Insurance Co. Ltd., for loss/damage to property due to flood & inundation. The property was insured under Standard Fire & Special Perils Policy.
- 1.2 The Insurers appointed us on 6th August 2019 to conduct the survey for the reported loss/damage.
- 1.3 Our basic terms of reference were...
 - a) To investigate into circumstances leading to reported loss/damage.
 - b) To assess the physical damage/financial loss said to have been sustained by the insured in the reported accident.
 - c) To determine the liability of the insurers vis-à-vis policy conditions.

1.4 Pursuant to above instructions, we visited the insured's premises situated at Building No.229 A, Indian Corporation Compound, Gala No.7 And 8, Near Mankoli Naka, Bhiwandi, Dist. Thane, Maharashtra. The premises were inspected thoroughly. It was reported that there was inundation at their premises. Water level at surrounding area of Insured premises was around 3.5 ft. Inside the insured premises the water level was about 10 inches. Most of the water had already receded during our visit, however, the water level marks were clearly visible on and around the premises. Thereafter, we had requested insured to provide the requisite documents vide mail dated 13th August 2019. On receipt of minimum available documents, we are issuing the final report.

1.5 Based on

- a) Observations made by us during our inspection
- b) Documents submitted by the insured during our survey & subsequently thereafter
- c) Discussions held with and explanations offered by the insured

1.6 We submit our findings observations, recommendations as under, for the consideration of the Insurers...

2.0 POLICY PARTICULARS

- 2.1 Insured : Paper and Board Impex
Building No.229 A, Indian Corporation
Compound, Gala No.7 And
8, Near Mankoli Naka, Bhiwandi, Dist.
Thane, Pin: 421302, Maharashtra
- 2.2 Insurers : ICICI Lombard General Insurance Co.
Ltd. ICICI Lombard House, 2nd Floor,

		414, P Balu Marg, Near Siddhi Vinayak Temple, Prabhadevi, Mumbai - 400025
2.3	Type of Policy	: Standard Fire & Special Perils Policy
2.4	Policy No.	: 1001/161828365/00/000
2.5	Period of Insurance	: December 26, 2018 to December 25, 2019
2.6	Occupancy	: Paper and Cardboard Mills (including Lamination), Disposable Diaper Manufacturing, Cotton Linter Pulp Factory.
2.7	Total Sum Insured	: Rs. 8,900,000.00
2.8	Item Affected	: <ul style="list-style-type: none"> • Stock in process Rs. 5,000,000.00 • Plant & Machinery Rs. 1,500,000.00 FFF Rs. 200,000.00
2.9	Clauses	: <ol style="list-style-type: none"> 1. FC03 : Designation of Property Clause 2. FC04 : Reinstatement Value Policies 3. FC05 : Local Authorities Clause 4. FC14 : Earthquake (Fire and Shock) 5. FC25 : Removal of Debris Clause (upto 1% of the claim amount) 6. FC26 : Architects, Surveyors and Consulting Engineers Fees (upto 3% of the claim amount) 7. FC29 : Terrorism Exclusion Clause
2.10	Risk Location	: Building No.229 A, Indian Corporation Compound, Gala No.7 And 8, Near Mankoli Naka, Bhiwandi, Dist. Thane Maharashtra Pin-421302
2.11	Policy Excess	: 5% of claim amount subject to a minimum of INR 10,000/-

3.0 INCIDENT

3.1 It was well known that Bhiwandi, Kolhapur, Sangli, Pune, Karad and adjoining cities in Western Maharashtra were flooded due to incessant torrential monsoon rains from 4th August 2019 onwards. Insured's premises was also flooded in the incident. The water reportedly entered inside the premises on 4th August 2019 and receded on 6th August 2019. Water level at surrounding area of Insured premises was around 3.5 ft and at inside the Insured's godown was around 10 inches due to flooding/inundation. So the stock of raw paper reels, stock under process and finished and semi-finished stock of paper was damaged due to water.

3.2 It was informed that insured took precautionary measures after the water level receded from the premises and stacked the paper reels on the pallets. At the time of our inspection, ready paper packages (as per the standard sizes) were found in wet condition. Ink marks were found on the walls as well as on the reels. CCTV was installed in the premises but due to power cut the recording on the date of loss was not available. We advised insured to segregate the damaged paper stock separately and prepare the list of damaged items for our final verification.

4.0 CAUSE OF DAMAGE

4.1 Heavy rains poured in Maharashtra (Bhiwandi, Kolhapur, Sangli, Karad, Ichalkaranji, Pune etc) Kerala & other many states from 26th July 2019 to 12th August 2019. Due to this flood situation occurred at many places. The incidence is well reported in TV and print media all over the countries. Due to this, water logged at insured's named location.

4.2 Thus, based on our observations and information provided to us, the cause of loss could reasonably attributed to **flood**.

5.0 OUR OBSERVATIONS & EXTENT OF DAMAGES

► **About The Insured**

5.1 The insured is in the business of manufacturing of craft, printed, gift, glazed papers and supplying of papers. The risk is located in Godown (Measurement: 250ft * 80ft *22 ft) having RCC shed with steel truss and polycarbonate sheets on the roof. The risk covered is a manufacturing and processing unit of paper as well as and raw material storage. It was informed that 18 employees were working at the godown. Sunday is weekly off for them.

► **Observations**

5.2 We carried out the survey on 7th August 2019, after the water level in the insured premises had receded. The entire street was covered with mud, various types of debris which had left behind after the flood water had receded.

5.3 During inspection of the site the water inundation level was measured at various places inside the gala was around 10 inches. The damages can be broadly elaborated as under:

- **Stock:** Due to flood water raw paper reels, stock under process, finished and semi-finished stock of paper was found in wet condition and discoloration was also observed on stock. Ink marks were found on the walls as well as on the reels. The finished goods packages were found water affected and water soaked by the papers on upper layers.
- **Plant and Machinery-** Water marks were observed on lower side of machineries. Multi-color and single printing machines, Control

panel and their drives, hot air blower, paper rewinding equipment motors etc. got damaged in the flood water.

- **FFF-** The wooden table inside the office found with water marks. Manger cabin, chairs, tables and computers were also found affected due to water. Insured was advised to clean the premises and segregate the damaged items and prepare the list of final damaged quantity for our final verification.

5.4 After detailed segregation, the final quantity of loss was ascertained & assessed the loss accordingly.

6.0 INSURED'S CLAIM VIS-À-VIS ADMISSIBILITY

6.1 The insured had lodged their claim for **Rs 5,066,630.00** for damages to stock. The detailed claim statement is attached to the report.

► Cause	Flood/ inundation
► Date of loss	4 th August 2019
► Risk location	Building No.229 A,Indian Corporation Compound,Gala No.7 And 8, Near Mankoli Naka, Bhiwandi, Dist. Thane Maharashtra Pin- 421302

6.2 The claim is lodged under Standard Fire & Special Perils Policy. The operated peril – flood-inundation – is covered under the policy. The policy was effective as on date of loss & location is covered under the policy. Thus, the claim lodged by the insured falls within the purview of the policy issued to and held by the insured.

7.0 ASSESSMENT OF LOSS

7.1 Our assessment of loss is based on our inspection & documents submitted by the Insured. The supporting documents are enclosed with the report.

7.2 Following points are crucial from the assessment of loss point of view:

Out of damaged items loss to stock and plant and machineries are only considered. Insured have not provided supporting documents for damaged FFF, so loss to FFF is not considered in the assessment.

7.3 Insured have forwarded us the following supporting documents we have relied upon the same & carried out the assessment

- Balance sheets as at 31/03/2019
- Physical list of affected items
- Supporting purchase & sale invoices for the affected material (stock) and repair invoice (plant and machinery)

7.4 The Plant & Machinery loss has been assessed based on repair Invoice. Further necessary deductions towards Salvage & under-insurance, have been done, as elaborated in later part of report.

The stock loss is assessed for raw material on Purchase Invoices basis & Finished/semi-finished material on Sale rate (as per Invoice) less 25% towards margin etc., The stock for which, no supporting sale Invoice provided, treated as old stock, hence not considered. We have further made deduction @15% towards qty. variance & non-moving. The deduction towards Salvage value & under-insurance have been made as elaborated in later part of report.

The detailed assessment sheet is attached with the report.

► **Salvage**

- 7.5 The damaged items were not fit for the intended use. Insured have provided salvage value offer of Rs. 250780.00 in totality, which was found on lower side. We have deducted **Rs. 10000** as salvage towards plant and machinery and 30% (**Rs. 837,590.15**) towards stock. After detailed discussion, Insured have agreed upon the same. Accordingly deduction was made in the assessment.

► **Depreciation**

- 7.6 Being Plant & Machinery on Reinstatement value Basis not applied.
In case of stock not applicable.

► **Underinsurance**

- 7.7 The policy is having RIV clause. The insured have provided us balance sheet as at 31.03.2019, after applying 5 % escalation per year, on capitalized cost, the RIV as on date of loss is calculated as **Rs.2574706/-** in respect of Plant & Machinery. The sum insured availed against the same is **Rs. 1500000**. Thus percentage of the underinsurance works out to **43.82%**, accordingly applied.

In respect of Stock the under-insurance is worked out **59.15%** as per detailed working is attached with the assessment sheet, the same applied accordingly to arrive the net loss.

► **Excess**

- 7.8 The applicable excess 5% of the claim amount sub to min of Rs. 10,000/- is deducted.

7.9 The assessment of loss works out to **Rs. 1,165,574/-**. The detailed assessment is attached as **Annexures** to the report.

The assessment has been explained to the Insured, who have given their written consent for the same vide mail dated **4th November 2019**.

8.0 WARRANTIES

8.1 We have not observed any breach of general or specific warranties attached to the policy issued to & held by the Insured.

9.0 CONCLUSIONS

9.1 The cause of loss is flood/inundation, the peril that is covered under the scope of policy issued to & held by the Insured. Thus, the claim falls within the purview of the policy & is tenable.

10.0 This report is issued without prejudice & subject to the terms, conditions and warranties to the policy issued to & held by the insured.

11.0 DECLARATION

- *We hereby declare that the photographs of the affected property as detailed in our report were snapped by us by our Digital Camera and uploaded on our Office Computer. These were got printed in-house and are not manipulated.*
- *We hereby declare that we have no interest in the subject matter in question and reported as above. We are neither related to the Insured nor the business either by blood, business or share-holding of whatsoever nature.*



K R BIYANI

KAMAL BIYANI ASSOCIATES

License No. SLA 34365 valid till 27.11.2019

Encl:

- *Assessment as annexure*
- *Policy copy*
- *Consent mail*
- *Claim form in original*
- *Incident narration*
- *Balance sheet as at 31.03.2019*
- *Claim bill with supporting invoices*
- *Photographs*
- *Our Fee Bill*