



Our Ref:

No. 15202/ICICI/1920

Report Date 20th April 2020

Insurers Ref

Insured Name: Bharat Wire Ropes Ltd.

Policy No: 1003/130432529/02/000

Claim No. FIR007318703

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

*Survey report regarding claim preferred by M/s. Bharat Wire Ropes Ltd. for reported
loss/damage to their property insured under Industrial All Risk Policy*

1.0 INSTRUCTIONS

- 1.1 M/s. Bharat Wire Ropes Ltd., Chalisgaon, Jalgaon preferred claim on ICICI Lombard General Insurance Co. Ltd., Mumbai for reported loss/damage to their property. Insured had taken Industrial All Risk Policy.
- 1.2 Insurers, appointed us on 29th November 2019 to conduct the survey for the reported loss/damage.
- 1.3 Our basic terms of reference were...
- a) To investigate into the circumstances leading to reported loss/damage
 - b) To assess the physical damages/financial loss said to have 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 contacted the insured for scheduling the visit to the plant. The insured advised us to schedule the visit along with the OEM engineer. However, as there was no confirmation from the OEM about their visit date, the insured informed us to arrange the survey visit vide mail dated 10th December 2019. Accordingly, we visited the insured's premises located at Plot no-4, MIDC Chalisgaon Industrial Area, Village: Khadaki, Taluka: Chalisgaon District: Jalgaon on 13th December 2019 for the survey after confirmation from the insured. In continuation, the Insured were requested to submit the requisite documents vide mail dated 18th December 2019 and the immediate loss advise was also issued on the same day. Thereafter, various reminders were issued to the insured with regards to the document submission. Based on the documents submitted by the insured, we are issuing our final report.

1.5 Based on

- Observations made by us during our visit to the premises
- Perusal of the documents submitted by the insured during our survey and subsequently thereafter.
- Discussions held with and explanations offered by the insured.

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

2.0 POLICY PARTICULARS

2.1 Insured : **Bharat Wire Ropes Ltd.,**
Plot no-4, 701 A Wing , Tradeworld,
Kamala Mills Compound, Senapati

		Bapat Marg, Lower Parel (W), Mumbai. Maharashtra-400013
2.2	Insurers	: ICICI Lombard General Insurance Co. Ltd., Mumbai
2.3	Type of Policy	: Industrial All Risk Policy
2.4	Policy No.	: 1003/130432529/02/000
2.5	Period of Insurance	: From: 03/04/2019 To: 02/04/2020
2.6	Sum Insured	: For IAR fire: Rs. 5,03,44,74,329 For Machinery Breakdown: Rs. 3,59,61,27,503
2.7	Item Affected	: Stranding Machine Sr. No: DSST315x36B Part affected: cradle no:8.
2.8	Risk Location covered	: Plot No.4, Midc Village- Khadki (Bk), Chalisgaon, Jalgaon, Maharashtra-424101
2.9	Occupation	: Heavy Engineering Work Shop

3.0 INCIDENT

- 3.1 We visited the premises on 13th December 2019. During our visit Mr. Raghuveer Singh Rajput conducted us around and narrated the incident.
- 3.2 It was informed that on 24th November 2019 at around 10 am, during working, suddenly, the cradle (no 8) of Stranding machine broke and went in air by damaging the tube and machine cover. The incident took place within seconds due to high rotational speed (around 1000 rpm) of the machine. The insured has shared detailed inspection report.

4.0 OUR OBSERVATIONS AND EXTENT OF DAMAGE

4.1 We visited the premises on 13th December 2019. We have thoroughly inspected the machine. Details of machine are as follows:

Machine name	:	Stranding M/C
Make	:	DAE Sung Ind, Korea
Sr. No	:	DSST315x36B
Year of commission	:	January 2019 (as informed)
Total Tubes in machine	:	12
Total Cradles	:	36
Affected cradle	:	Cradle No: 8

4.2 At the time of our inspection, machine was in breakdown condition and non-operational. It was reported that the cradle (no 8) suddenly broke and was thrown in the air due to high rotational speed of the machine. Due to which, the cradle, machine cover and the tube was damaged. Our observations are as follows:

- The broken pieces of cradle were inspected by us.
- There was slight bend in rotor tube.
- The outer machine cover was rectified prior to our visit.
- The bobbin which was on mounted on the cradle was found pressed along with the material on it. It was informed that remaining bobbins as well as the material on it will be consumed.

The cradle assembly was completely damaged and had broken into pieces. When the cradle assembly came out from the mounting it came in contact with the tube (which was rotating at high speed) and as a result it impacted the tube as well thereby damaging the edges of the tube. It was also informed

that due to the rotational impact the cradle bearing also got damaged.

4.3 We advised the insured to provide detailed technical report mentioning the root cause of loss along with the estimate of repairs. The insured had informed that the OEM did not visit the premises and hence, they had decided to carry out the repairs locally as the machine cannot be kept in breakdown condition for long time which would affect the production.

4.4 It was reported by the insured that Rotor tube, cradle assembly, cardle pin and bearing were damaged totally and they need to be replaced. They have provided detailed failure report. The reason for replacement of damaged parts mentioned in report is as follws:

(Quote)

Reason for replacement

The Cradle got damaged and was left in pieces. Hence it had to be replaced .

The tube got bend and hence had to be replaced. The degree of bend is shown in the sketch attached herewith.

Pin & Cradle Bearing Housing also got replaced as they have found deviated from actual dimensions.

(Unquote)

The report is enclosed with the report.

4.5 Further the replacement of above parts was done and Insured have provided us replacement invoices obtained from Mahesh Engineering Work. The insured has also shared copies of E-way bill and the invoice has material inward stamp as well, which confirms the reinstatement.

5.0 INSURED'S CLAIM

- 5.1 Insured have preferred claim for **Rs. 25,97,011.00** for the loss towards plant and Machinery and stock in process. Detailed claim sheet is enclosed with the report.

6.0 CAUSE OF DAMAGE VIS-À-VIS ADMISSIBILITY

- 6.1 As mentioned in the earlier sections of the report, the insured had shared internal inspection report mentioning the root cause of loss. As per the report, there was insufficient axial locking of the pin (solid and hollow pin) and the pin should have a flat face/surface so that there will be a surface contact with the grub screw and not line contact. Due to line contact the pin will also rotate along with the machine which is not desirable. Due to the insufficient locking, the cradle moved forward and came out from the solid pin (rear end) and the entire cradle load came on the front end which created a cantilever effect on the hollow pin and cradle and when the cradle touched the tube which was rotating at high speed, it broke and came out from the mounting and was thrown in the air. Thus, the breakdown took place due to defective design of the pin.

- 6.2 The industrial all risk insurance policy has below exclusion:

(Quote)

1. faulty or defective design materials or workmanship
inherent vice latent defect gradual deterioration
deformation or distortion or wear and tear.

Unless Damage by a cause not excluded in the policy ensues and then the Insurer shall be liable only for such ensuing damage.

(Unquote)

Thus, as per above exclusion, the policy excludes the defective design part i.e. the pin (solid & hollow pin), however, the subsequent damages to the cradle assembly, bearing, tube and bobbin are admissible as these are accidental in nature and not excluded in the policy.

7.0 ADEQUACY OF INSURANCE COVERAGE

7.1 Insured has provided the capitalization details (yearly gross block) for plant and machinery and electrical installation. The RIV of plant machinery and electrical installation works out to **Rs. 375,12,53,280.44** as per indexing method. The sum insured under policy for machinery breakdown is **Rs. 359,61,27,503.00**. The policy also has escalation condition. The escalated sum insured as on date of loss works out to **Rs. 382,76,58,999.77**. Thus there is no underinsurance. While, the claim for damaged stock is very small as compared to the sum insured and hence, detail underinsurance working is not carried out for the same. The detailed working is attached as Annexure-III to the report.

8.0 ASSESSMENT OF LOSS

8.1 Our assessment of loss is based on our inspection & documents submitted by the Insured. The supporting documents are enclosed with the report. Following points are crucial from the assessment of loss point of view:

8.2 P&M:

The insured has shared supporting reinstatement invoices for the spares replaced. The assessment is carried out based on these documents. The cradle pin is disallowed as it had defective design, while the subsequent damages to the parts are considered. The insured had claimed for GST amount of Rs.

3,94,380.00, however no supporting proof of reversal was shared to us and hence it was disallowed.

Stock in process:

No supporting document provided for bobbin hence it is not considered. Material on the bobbin is considered as per the rate working provided by Insured.

(-) Depreciation:

8.3 The affected items were reinstated and hence, no depreciation is applicable.

(-) Salvage:

8.4 The damaged items were not fit for its intended use and would only realize scrap value. Insured have provided offer of Rs. 8464.00 (368 kg @ Rs. 23) for P& M and Rs. 1380 (60 kg @Rs.23) for stock. The insured's offer was found reasonable and hence deductions were made accordingly.

(-) Excess:

8.5 5% of claim amt subject to minimum INR 10 Lac. Accordingly deduction of Rs. 10 Lacs were made.

9.0 Net assessment works out **Rs. 9,78,476.00**. The detailed working is attached as Annexure to the report.

10.0 CONCLUSIONS

10.1 The cause of loss is accidental, 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. If the Insurers admit their liability, payment may be made as assessed in the

report. Further, the assessment was shared with the insured who has given the consent on the same vide mail dated 20th April 2020. The insured further stated that, they will submit the GST reversal proof in support of the GST claimed. Upon receipt of the proof of reversal (mentioning the actual amount reversed for the instant case), the proportionate GST amount as per the assessed loss of P&M can be paid.

- 10.2 This report is issued **without prejudice** & subject to the terms, conditions and warranties of the Policy issued to & held by the Insured.

11.0 DECLARATIONS

- 11.1 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 our office printer and are not manipulated.
- 11.2 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 27.11.2022

Encl:

- Assessment as annexure

- Claim form
- Claim bill with supporting documents
- Capitalization details
- Technical reports for root cause & extent of damage
- Fee Bill