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## FINAL SURVEY REPORT

<u>Our Ref No.:</u>	<u>Insurers Ref</u>
14673/ICICI/19-20	<b>Insured:</b> M/s. S. K. Enterprises
	<b>Claim No.:</b> FIR001310664
	<b>Policy no:</b> 1001/170367206/00/000
	<b>Date of loss:</b> 20 <sup>th</sup> June 2019
<b>Report Date:</b> April 7, 2020	<b>Date of survey:</b> 21 <sup>st</sup> June 2019

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

*Final report regarding claim preferred by M/s. S. K. Enterprises, Ahmednagar for reported loss/damage to their property due to reported fire insured under Standard Fire and Special Perils Insurance Policy*

### **1.0 INTRODUCTION**

- 1.1 M/s. S. K. Enterprises, Ahmednagar have lodged a claim, on account of a reported fire accident on 20<sup>th</sup> June 2019, with their insurer, ICICI Lombard General Insurance Co. Ltd., Pune. The claim was lodged for loss/ damage to their property due to reported fire against their Standard Fire and Special Perils Insurance Policy.
- 1.2 Insurer's appointed us on 20<sup>th</sup> June 2019 to carry out the final survey and to issue the survey report.
- 1.3 Our basic terms of reference were ...
  - a) To investigate into the circumstances leading to reported loss/ damage.
  - b) To assess the physical damage/financial loss said to have sustained by the insured

- c) To determine the causative factors and also to evaluate the insured peril/liability of insurers vis-à-vis policy conditions.

1.4 Pursuant to above instructions, we visited the insured's premises situated at S K Enterprises (Prop: Mr. Sandeep Dinkar Pathak) At Post: Sonewadi, Akolner Road, Ahmednagar, Maharashtra Pin- 414001 on 21<sup>st</sup> June 2019. During our survey, detailed inspection of the premises was carried out. Detailed discussions were held with insured and various available documents were vetted. Detailed photographs were also taken.

1.5 The preliminary report was issued on 22<sup>nd</sup> June 2019. The insured was apprised about our observations & advised to submit relevant documents/info vide our email dated 22<sup>nd</sup> June 2019. Subsequently matter was followed up with the Insured vide various reminders over phone/mails & meetings. Meanwhile, we had also advised for engagement of the professional investigator to investigate the claim for various aspects, more particularly, the cause of fire. On receipt of available documents, we are issuing our report.

1.5 Details of the survey:

- a) Observations made by us during our inspection;
- b) Documents submitted by the insured during our survey
- c) 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 The insured had covered the assets under one policy. The policy details are as under....

2.2	Insured	: S K ENTERPRISES (Prop. Sandeep Dinkar Pathak) At Post: Sonewadi , Akolner Road, Ahmednagar, Maharashtra Pin- 414001
2.3	Insurers	: ICICI Lombard General Insurance Co. Ltd. Pune., Third Floor, C Wing, Manikchand Icon, Bund Garden, 411001, Maharashtra
2.4	Type of Policy	: Standard Fire & Special Perils Insurance Policy
2.5	Policy No.	: 1001/170367206/00/000
2.6	Period of Insurance	: 4.4.2019 To 3.4.2020
2.7	Interest	: Stock
2.8	Item Affected	: Stock
2.9	Total Sum Insured	: Rs. 1,00,00,000/-
2.10	Sum Insured for the affected items	: <b>Stock</b> : Rs. 1,00,00,000/-
2.11	Occupation	: Distributor of Parle products.
2.12	Location of Risk	: M/s. S. K. Enterprises At Post: Sonewadi , Akolner Road, Ahmednagar, Maharashtra Pin- 414001
2.13	Excess	: 5% of claim amount subject to a minimum of INR 10,000/-.
2.14	Add On Covers	: -
2.15	Subject to	<ul style="list-style-type: none"> <li>• Agreed bank clause</li> <li>• Designation of property clause</li> <li>• Reinstatement clause</li> </ul>
2.16	Add on cover	-

### **3.0 INCIDENT**

- 3.1 We visited the premises on 21<sup>st</sup> June 2019. During our visit Mr. Sandeep Phathak - Proprietor of the firm 'S. K. Enterprises' have conducted us around and narrated the incident.

#### **(Quote)**

*"On 20<sup>th</sup> June 2019 midnight @ 2.30 a.m. I received call by Mr. Arun Dalvi, Owner of our godown, Sonewadi. He informed that there was fire in our godown. Immediately myself & my brother in law Mr. Akshay Kumar rushed towards our godown. We opened the shutter & noticed heavy smoke coming through the godown. We called fire brigade team & narrated the incident. They reached at around 3.30 & they tried to extinguish the fire. However, due to high intensity of fire they could not controlled & fire team called another tanker. The second vehicle (fire tender) reached. Further, few more (around 7) fire tenders reached at the site & extinguished the fire @ 11.00 a.m. (21.6.2019). We lost around 25 to 30 lakhs stock in this fire".*

#### **(Unquote)**

The incident report provided by the insured is in vernacular. However, we have translated the same giving the gist of the incidence narrated therein. The original narration (in vernacular) given by the insured is enclosed with the report.

### **4.0 ABOUT THE INSURED**

- 4.1 The insured- 'M/s. S. K. Enterprises' is a proprietorship firm which is in the business of distributing of Parle products like Biscuit, Chocolate, Cakes, Rusk, etc. Mr. Sandeep Dinkar Pathak is a proprietor of the firm. They are engaged in sale/purchase of different types of confectionery items at above address.

## 5.0 CAUSE OF DAMAGE

- 5.1 At the time of our inspection, Insured's premises were thoroughly inspected by us. Exact cause of fire could not be ascertained at the time of inspection. Fire brigade was reportedly called to put off the fire. Police complaint was also reportedly lodged.
- 5.2 However, as the cause of fire was not very clear, we advised insurers to engage the services of a professional investigator. Accordingly, Bombay Forensic, Mumbai was appointed by the insurers. The investigator carried out detailed investigation and concluded as under...

### (Quote)

Based on the Fire Forensic and Analysis of the fire affected site of incident followed by search, identification, collection, testing and analysis of physical evidence, scrutiny of documentary evidence, it is concluded that the incident of fire reported to have occurred on 20<sup>th</sup> June, 2019 at around 2:30 am was,

- a) not due to electrical short circuit,
- b) not due to any natural causes but,
- c) Higher possibility of human intervention by igniting the material which was kept inside the go-down by initiating and burning by someone who has the motive means and opportunity to carry out the malicious act.

**Motive:** a) Expiry range of product is very less i.e. about 15 days to 6 months. Where we have found that the recognizable products are expired in the burnt debris.

- b) Insured has 60 lakhs cc Loan pending.
- c) Insured is not willing to provide the actual financial records.

### (Unquote)

The entire investigation report is part of the report and attached with report for ready reference.

During our survey also, we had observed that the available debris of the stock was not commensurate with the initial claim amount of Rs. 50.00 Lakhs. When probed further, the insured agreed that the stocks is not to that level. The stocks shown in the bank statement is also very high. In most of the stocks statement the value is more than crores. These aspects are highlighted in the investigation report in detail.

Thus, the fire was not accidental. Thus, the claim is not admissible.

## **6.0 OUR INSPECTION & EXTENT OF DAMAGE**

### **➤ Description of risk**

- 6.1 The risk covered under the Policy is godown situated at Post: Sonewadi, Akolner Road, Ahmednagar, Maharashtra Pin- 414001. It was rental premises since 2013. There were no other shops in the nearby area of the godown. The only premises owner's house was attached to the godown.

The building was double storied RCC building. The godown was on the ground floor. It has mainly two sections (section-1 & section-2) where the goods/stocks are kept. Section 1 has one entrance shutter and the roof is made up of tin. Section-2 has was behind the section 1 and was having RCC roof.

### **➤ Extent of Damage**

- 6.2 The premises were thoroughly inspected. During our survey Mr. Sandeep Phathak conducted us & narrated the incident. The entire premises were photographed. It was occupied as godown. Broadly following items were affected in the fire...

- **Building**
- **Stock**

► **Building:**

6.3



During our visit on 21<sup>st</sup> June 2019, the premises were kept as it was. The building/godown was moderately affected. The painting of the wall was affected. The roof sheets were blackened/broken. The

shutter was blackened. The soot deposition was also observed all over. The policy is not having the coverage of building. Thus, loss in respect of building is not assessed.

► **Stock**

6.4 The stocks mainly consisted of Biscuits, Cake, Candy, Chocolate, Jelly, Mint, Rusk, Snacks, Toffee, Wafers, etc. The entire stocks kept in the godown was completely burnt due to fire & water which was used in extinguishing the fire. The heap of burnt debris was available in the premises. The entire stock except some of Corrugated Box, Jars was affected. Some stocks which were packed in the plastic jars, found soot affected. Some stock was lying outside the godown. It was informed that this was done during firefighting. Due to extensive damages, the physical quantification was impossible.

6.5 As informed, nothing could be saved from the affected area.

6.6 Some of the jars/boxes were not affected. The list was prepared for such items. The insured have given some value for such items.

6.7 **Thus, liability if any is limited to damages to stocks only. Exact extent of damage is elaborated in assessment part of report.**

## 7.0 **INSURED'S CLAIM VIS-À-VIS ADMISSIBILITY**

7.1 Insured submitted claim bill for loss to the tune of **Rs. 29,31,645/-**. The claim form with final claim bill which are enclosed with the report.

7.2 As elaborated earlier, the investigator had concluded that the fire is not accidental.

7.3 In view of above observations, the claim lodged by insured does not fall within the purview of the policy **and hence not admissible**.

## 8.0 **METHODOLOGY OF ASSESSMENT OF LOSS**

8.1 The claim lodged by Insured is not admissible. However, based on documents submitted by the Insured and our inspection, we have assessed the loss for academic purpose and without the admission of liability.

### 8.3 **Following points are crucial from the assessment point of view...**

#### ► **Stocks**

- I As damaged stock was completely damaged in fire & turned in the ashes, hence physical quantification of damages stock was not possible. Insured has preferred the claim of Rs. **29,31,645** /- (as per CA certified Balance sheet as on date of loss less safe stock submitted by Insured). We have relied upon the following documents while assessing the loss :-



1. Balance sheet for last three years duly certified by CA
2. Provisional Balance sheet as on date of loss duly certified by CA
3. Purchase Invoices for Bought out items
4. GSTR Details

To arrive at total stock as on date of loss, we have done detailed analysis of insured's accounts, past three years certified Balance sheets, Purchase & sale details as per monthly GST returns, valuation of safe inventory, Purchase /sale Invoices etc. Based on above documents, finally entire stock as on date of loss was worked out - as per details attached with the assessment sheet, against Insured working (CA certified Balance sheet). Considering derived entire stock and safe stock, the value of damaged stock worked out. The detailed assessment sheets with annexure, are attached.

We have received written confirmation from the insured that there is no other godown for storing of stock in any form other than the above location.

**(-) Depreciation**

**III Stock:** - Not applicable

**(-) Salvage**

**IV** The goods were completely damaged. Moreover, the salable goods were already quantified. Thus, no deduction of salvage value is done.

**(-) Adequacy**

**V Stocks:**

As worked out in the assessment part of the report, the item is adequately covered and there is no question of

underinsurance.

**(-) Excess**

**VI** As per policy, excess is 5% of claim amount subject to minimum of Rs. 10,000.00. Deductions were made accordingly.

**(-) Application of Exclusion '7'**

**VII** The exact origin of fire is not known to us. Further, insured have claimed only stock. Thus, the deduction is not applicable.

8.4 **Thus, the net assessed loss (academic purpose) works out Rs. 18,82,354.00.**

**9.0 WARRANTIES**

9.1 As confirmed by the investigator, the fire is not accidental.

**10.0 CONCLUSIONS**

10.1 As per our observation and forensic investigation report, the claim lodged by insured does not fall within the purview of the policy and is not admissible.

**12.0** This report is issued without prejudice, to the best of our knowledge & subject to terms, conditions exceptions of the policy issued to & held by the insured.

**13.0 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 got printed on office printer 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 27.11.2022