

Press Release

HYDERABAD (4th Jan, 2021)

1. The process of 'de-tariffing' and bringing the various aspects of the Fire and Allied Perils segment of the general insurance business out of the ambit of the All India Fire Tariff (AIFT) 2001 began in 2006-07 and 2007-08 with the pricing aspect of products being removed from AIFT 2001.
2. With effect from 1st January, 2008 pricing is left to the insurers subject to the Product Filing Guidelines issued by the Authority. These Guidelines stipulate that for all other aspects (other than pricing), namely the policy terms and conditions, clauses and General Regulations etc., the general insurance industry shall continue to be guided by the erstwhile AIFT, 2001 until further notice.
3. It has now been decided by the Authority to complete the process of de-tariffing for the risks of Dwellings and micro level and small level enterprises **with effect from 1st April, 2021** wherein for these risks the AIFT 2001 shall stand de-notified from the effective date and replaced by relevant Guidelines.
4. Accordingly, the Authority has now issued guidelines whereby the Standard Fire and Special Perils (SFSP) Policy provided for in the erstwhile AIFT 2001 will be replaced by the following standard products that shall be mandatorily offered by all general insurers carrying on Fire and allied perils insurance business with effect from **1st April, 2021**.
 - i. **Bharat Griha Raksha** (meant for Home Building and Home Contents)
 - ii. **Bharat Sookshma Udyam Suraksha** (meant for enterprises where the total value at risk is upto Rs. 5 Crore)
 - iii. **Bharat Laghu Udyam Suraksha** (meant for enterprises where the total value at risk is more than Rs. 5 Crore and upto Rs. 50 crore)
5. The products have all been designed with policyholder friendly features and are worded in simple language for the convenience of the general public.

6. Some of the highlights of the products are as follows:

(a). **Bharat Griha Raksha:**

- The policy offers **cover against a wide range of perils**, namely Fire, Natural Catastrophes (Storm, Cyclone, Typhoon, Tempest, Hurricane, Tornado, Tsunami, Flood, Inundation, Earthquake, Subsidence, Landslide, Rockslide), Forest, Jungle and Bush fires, Impact Damage of any kind, Riot, Strike, Malicious Damages, Acts of terrorism, Bursting and overflowing of water tanks, apparatus and pipes, Leakage from automatic sprinkler installations and Theft within 7 days from the occurrence of any of the aforesaid events.
- Besides offering coverage for the **Home Building**, the policy covers **General Home Contents** automatically (without any need for declaration of details) for 20% of the Sum Insured for the Building subject to a maximum of Rs.10 lakhs. One can also opt for a higher Sum Insured for general contents by declaring the details.

The policy offers **two optional covers, namely –**

- i. **Insurance for Valuable Contents** like jewellery and curios.
- ii. **Personal Accident of the insured and spouse** due to an insured peril under the policy.

The policy gives **complete waiver of underinsurance**. In other words, if the Sum Insured declared by a policyholder is less than what ought to have been declared for the property in question, the policyholder's claim will not be settled proportionately but upto the Sum Insured that is declared.

(b). **Bharat Sookshma Udyam Suraksha:**

- The policy provides cover for the Building/Structures, Plant and Machinery, Stock and other assets of enterprises where **the total value at risk** across all insurable asset classes at one location is **upto Rs. 5 Crore**.
- This policy too offers cover against a wide range of perils, quite similar to the policy meant for Dwellings.
- The policy has several in-built covers in addition to the basic coverage— Cover for alterations, additions or extensions, Cover for stocks on a floater basis, Cover for temporary removal of stocks, Cover for Specific Contents, Cover for start-up expenses (following a loss), Cover for payment of

professional fees for Architects, Surveyors and Consulting Engineers, Cost for removal of debris and Costs compelled by Municipal Regulations.

- The policy can be taken by micro level enterprises such as offices, hotels, industries, storage risks and so on.
- The policy waives underinsurance to the extent of 15%.

(c). **Bharat Laghu Udyam Suraksha:**

- This policy provides cover for the Building/Structures, Plant and Machinery, Stock and other assets of enterprises where the **total value of risk** across all insurable asset classes at one location **exceeds Rs.5 Crore but does not exceed Rs. 50 Crore at the policy commencement date.**
- The range of perils against which insurance is offered is similar to the policy meant for micro level enterprises.
- This policy too has all the in-built covers that the policy for micro level enterprises has.
- The policy, again, can be taken for all types of risks such as offices, hotels, industries, storage risks and so on.

7. **Bharat Sooksma Udyam Suraksha** and **Bharat Laghu Udyam Suraksha** policies will be useful for financial protection of MSMEs.
8. All the above three Retail products have Key Features Documents (KFD) which give basic information about the products, apart from answers to Frequently Asked Questions (FAQ).
9. Insurers would be permitted to file innovative add-ons (additional covers) over and above the basic cover, in-built cover, optional cover, if any, and standard add-ons that these Retail products already offer.