



MACHINERY LOSS OF PROFITS (MLOP) INSURANCE

MLOP insurance indemnifies the actual loss of gross profit sustained because of a business interruption caused by a loss covered under machinery insurance. MLOP insurance is especially important for critical equipment on which the business operation depends such as boilers, printing machines, compressors, pumps, etc.

COVERS INSURED

- › Loss of profit including fixed (standing) charges such as salaries and rent which would continue even after the business is interrupted by a loss or damage
- › Reasonable additional expenses (increase in cost of working) incurred to avoid a reduction in turnover

The period for which the insurance will indemnify losses is the indemnity period. It depends on the estimated replacement period for machinery insured. Normally, indemnity period is 12 months.

OPTIONAL EXTENSIONS

- › Failure of public power, water, gas or steam supply
- › Additional expenditure other than increase in cost of working
- › Strike, riot or civil commotion
- › Machinery breakdown during guarantee period
- › Internal fire, internal chemical explosion and direct lightning

MAJOR EXCLUSIONS

- › Fire, lightning, chemical explosion, aircraft, theft, burglary, collapse, natural perils
- › Imposition of abnormal conditions, testing, intentional overloading or experiments
- › Loss or damage for which a supplier is responsible
- › Faults or defects existing at inception
- › Willful act or gross negligence of the insured
- › War, sabotage, strike, riot, civil commotion, political risks and terrorism
- › Nuclear risks and radioactive contamination
- › Wear and tear, depreciation, corrosion, atmospheric or chemical action