



Property All Risks Insurance

Compared with named perils only insurances (such as fire insurance covers fire risk only, burglary insurance covers burglary risk only), property all risks insurance better protect your property (such as your home premises, office equipments, production machinery, trading stock, etc.) against any unforeseen and sudden physical loss or damage caused by any peril not specifically excluded in the insurance policy.

Property all risks insurance does not really cover all kinds of risks and every kind of property. Some of the common excluded causes and excluded properties in a standard policy are listed below:

- a. Wear and tear
- b. Theft except from a building and only if there is violent or forcible entry to or exit from such building
- c. Disappearance, unexplained or inventory shortage
- d. War and terrorism
- e. Money, cheques, stamps
- f. Glass, marble or other fragile or brittle objects

If you find some or all of the excluded causes or excluded properties not meeting your specific need, you may check with the insurer to see if those exclusions can be modified. Insurers often may consider relaxation based on the merit of a set of particular conditions.

Of paramount importance when buying property all risks insurance, the sum insured must not be lower than the value of the subject matter. Underinsurance will result in proportionate reduction of indemnity in case of claim.

The property all risks insurance wording of various insurers is similar, but you have to pay attention to the following:-

- a. Deductible (the first amount of loss which insurer is not liable) may be imposed to the policy and the deductible amount may be different among insurers
- b. Any sub-limit of indemnity for a particular risk covered (e.g., some insurers may impose sub-limit for burglary)
- c. Any special warranty imposed to the policy, for example, alarm protection clause requires that the insured must have an approved theft alarm system.

Change of risk profile

If there is any change of circumstances affecting the risk profile, you must inform the insurer in advance of such changes, otherwise insurer may reject your claim for loss indemnity.