



Warehousing Development and Regulatory Authority

F. No. WDRA/2015/1-2(12)/Tech II

Dated: 06.04.2016

CIRCULAR NO. 01/Tech. II/2016

Subject: Insurance policies to be taken by the warehouseman for the purpose of accreditation and registration of their warehouses – regarding

- i. Section 11(1) (k) of the Warehousing (Development and Regulation) Act, 2007 provides that warehouse receipt should have name of the insurance company indemnifying for fire, floods, theft, burglary, misappropriation, riots, strikes or terrorism.
- ii. Section 8 (vii) of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2010 provides that no registration certificate shall be issued unless the warehouse is adequately insured as per the requirement of the Authority.
- iii. Regulation 3 (2) (viii) of the Warehousing Development and Regulatory Authority (Warehouse Accreditation) Regulations, 2011 provides that the warehouses should have insurance policies to cover risk on account of fire, floods, theft, burglary, riots and for the goods stored for accreditation of warehouses.
- iv. Regulation 3 (3) (v) provide that a certificate of accreditation shall be granted by an accreditation agency only when a warehouse has insurance policies of the warehouse and the goods stored or to be stored in the warehouses.

In supersession of earlier insurance norms circulated by the WDRA vide its Circular No. 08/Tech. II./2014 dated 12.11.2014 and Circular No. 12/Tech II/2015 dated 29.12.2015, the WDRA has decided that the following insurance policies to be taken by the warehousemen for the purpose of accreditation and registration of their warehouses:

1. Buildings:

- i. The building insurance on RIV basis is not mandatory.
- ii. The warehouses are free to declare the value of plinth and foundation separately or combine it with the value of building.
- iii. In case, the value of plinth and foundation is declared separately, insurance for these may be taken with respect to earthquake and fire shock only.

2. Stocks:

A. Standard Fire and Special Perils Policy:

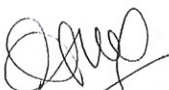
Stocks insurance under SFSP policy can be taken either on declaration or non-declaration basis as per details given below:

- i. The minimum sum insured for declaration policy is Rs. one crore in one or more locations and the sum insured shall not be less than Rs. 25 lakh in atleast one of these locations. A warehouse having the value of stock of less than Rs. one crore will have the Standard Fire and Special Perils Policy without the facility of declaration.
- ii. **Declaration Policy:** In case of a declaration policy, the average value of stock will be taken as Rs. 20000/- per ton and the average capacity utilization will be taken as 60%. Since the warehouseman is mandated to declare the actual value of stock every month to the insurance company, the higher and lower variations in value will automatically be taken care of and the warehouseman would either have to pay extra premium (in case of higher value of stock) or get a refund of the premium (in case of lower value of stock) on periodic basis.
- iii. **Non-declaration Policy:** In case of a non-declaration policy, the average value of the stock will be taken as Rs. 20000/- per ton only if the warehouse is storing / proposing to store wheat, rice / paddy, barley, oat, maize, sorghum and millets. In case of commodities other than these, the value of the stock will be calculated on the basis of average price of the commodities stored / to be stored. In all cases of non-declaration policy, the sum insured will be calculated on the basis of full (100%) utilization of the capacity.
- iv. There will be no separate stipulation for new warehouses. They will have to follow either ii. or iii. above.
- v. For warehouseman operating more than one warehouse, the calculation of sum insured on floater basis will be done as per ii. or iii. above depending on the nature of policy.
- vi. The terrorism cover will be necessarily required by the warehouses in those areas which are notified under the Armed Force Special Power Act (AFSPA).

B. Burglary Policy:

The requirement of Burglary Insurance Policy shall be as follows:

Sl. No.	Particulars	Sum Insured
1.	Upto 5000 tons storage capacity	20% of value of stock
2.	5001-25000 tons	Rs. 2.0 crore + 10% of value exceeding 5000 tons
3.	25001-50000 tons	Rs. 6.0 crore + 5% of value exceeding 25000 tons
4.	50001-100000 tons	Rs. 8.5 crore + 0.25% of value exceeding 50000 tons
5.	Above 1 lakh tons	Rs. 8.75 crore + 0.15 % of value exceeding 1 lakh tons subject to a cap of Rs. 15 crores for sum insured



Note: The sum insured have been arrived at taking into consideration the value of stocks @ Rs. 20000 (Rupees Twenty Thousand only) per ton. In case of higher value of stocks, the calculation will be according to market price of the commodity.

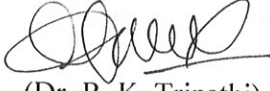
C. Fidelity Guarantee Insurance Policy:

The requirement of Fidelity Guarantee Insurance Policy shall be as follows:

Sl. No.	Particulars	Sum Insured
1.	For warehouse(s) including companies etc. having storage capacity upto 1 lakh tons	10% of the sum insured in fire policy subject to maximum of Rs. 20 crores
2.	For warehouse(s) including companies etc. having storage capacity above 1 lakh tons	Rs. 20 crores

The warehouseman may take a collective fidelity guarantee insurance policy mentioning the names of the individual employees in all the warehouses covered under the policy or a Position Policy in which the positions in the warehouses are included. Further, the collective fidelity guarantee policy where only the number of employees is mentioned, will also be accepted by the Authority.

3. In case of cold storages, in addition to above three policies, insurance may be taken for deterioration of stocks due to failure of electricity supply and damage to the plant and machinery caused by the fire and other perils.
4. The name of each warehouse along with the location being considered for registration should be included in the policy. The policy should cover the entire capacity of the WSP / warehouses unless a separate segregated policy exclusively for the capacity to be registered is taken.
5. The warehouseman is required to take the insurances as above. The WDRA will **not** entertain the registration of warehouses under the Self Insurance or Corpus Fund.


(Dr. R. K. Tripathi),
Director (Tech.).

Distribution:

- i. Accreditation Agencies as per the list.
- ii. MD, CWC
- iii. MDs, All SWCs
- iv. All WSPs
- v. All registered Private Warehouses
- vi. All registered PACS warehouses
- vii. Guard File.

Copy to: Shri Rakesh Kataria, Under Secretary (A&F), WDRA..... with request to put a copy of the circular on the website of the WDRA.