



भाण्डागारण विकास और विनियामक प्राधिकरण
भारत सरकार



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Warehousing Development and Regulatory Authority

Government of India

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

Dated: 27.04.2017

CIRCULAR No. 01 /Tech. II/2017

Subject: Insurance policies to be taken by the applicant/warehouseman for the purpose of registration / renewal of registration of warehouse (s) – regarding.

1. Section 11(1) (k) of the Warehousing (Development and Regulation) Act, 2007 and Section 4 (2) of the Warehousing Development and Regulatory Authority (Negotiable Warehouse Receipts) Regulations, 2011 provides that Warehouse Receipts/ Negotiable Warehouse Receipts should have name of the insurance company indemnifying for fire, floods, theft, burglary, misappropriation, riots, strikes or terrorism.

2. Section 17 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 provides that no registration / renewal of registration of warehouse (s) shall be issued unless the warehouse is adequately insured as per the requirement of the Authority. The insurance coverage of the applicant or warehouseman with respect to the goods deposited in the warehouse(s), must be against at least:

- (a) fire,
- (b) flood,
- (c) burglary,
- (d) misappropriation and
- (e) riots and strikes.

3. Since Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 do not mandate building insurance, it has been decided by the Authority that building insurance shall not be mandatory for registration/renewal of registration of warehouses.

4. Therefore, in supersession of earlier insurance norms circulated by the WDRA vide its Circular No. 01/Tech-II/2016 dated 6.04.2016, the following insurance policies will need to be taken by the applicant/ warehousemen with respect to the goods stored/ proposed to be stored in the warehouse(s) for the purpose of registration of their warehouse(s):

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 at least one of these locations. A warehouse having total value of stocks 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 stocks 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 stocks every month to the insurance company, the higher and lower variations in value will automatically be taken care of.
- iii. **Non-declaration Policy:** In case of a non-declaration policy, the average value of the stocks 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:

| SI. 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 |

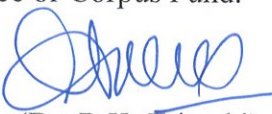
The applicant/ warehouseman may take a collective fidelity guarantee insurance policy mentioning the names of the individual employees in all the warehouses covered under the policy or a Position Policy in which the positions in the warehouses are included. Further, the collective fidelity guarantee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

5. 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.

6. In case of warehousing service providers (WSPs) holding more than one warehouse, a list containing the name and address of each warehouse along with its capacity should be included in the policy document. The policy should cover the entire capacity of the warehouses of the WSPs unless a separate segregated policy exclusively for the capacity to be registered is taken.

7. The warehouseman shall furnish to the Authority information regarding monthly valuation of stocks submitted to the insurance companies in case of a declaration policy taken under SFSP, and also the copy of additional insurance cover taken in the event of increase in valuation of stocks, to assess the adequacy of insurance coverage of the stocks stored in the warehouse (s).

8. The warehouseman is required to take the insurance cover 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. MD, CWC
- ii. MDs, All SWCs
- iii. All WSPs
- iv. All registered Private Warehouses
- v. All registered PACS warehouses
- vi. Inspection Agencies as per the list.
- vii. Guard File.

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