

## **BURGLARY INSURANCE POLICY**

Burglary Insurance is one of the major classes of business underwritten in the miscellaneous department and accounts for a sizeable portion of the department's premium income.

For the business house Burglary insurance is as essential as Fire insurance, as it enables them to recoup the losses suffered by them consequent on burglary or house breaking. In addition to the burglary policy, other types of policies giving wider covers have also been devised by the burglary department. The main types of policies are as follows:

- (i) Business Premises Policy,
- (ii) Private Dwelling Policy,
- (iii) Jewellery and Valuable Policy,
- (iv) All Risk Policy, and
- (v) Money in Transit Policy

### **Definitions**

#### **Burglary**

The criminal law of the country does not speak of an offence called burglary. Hence it becomes necessary for the insurers to lay down in the policy the definition of the term. As normally understood burglary is:

- (a) Theft of property from the premises following upon felonious entry of the said premises by violent and forcible means.
- (b) Theft by a person in the premises who subsequently breaks out by violent and forcible means provided there shall be visible marks made upon the premises at the place of such entry or exit by tools, explosives, electricity or chemicals. Use of force may be against property and person.

#### **Theft**

Indian Penal Code in Section 378 defines theft as follows: "whoever intending to take is honestly any movable property out of the possession of any person without the consent of

that person or of any person having for that purpose authority, moves that property in order to such taking is said to commit theft."

### **House-breaking**

The word in practice is equal to 'Burglary'. Section 445 of the Indian Penal Code has laid down a definition of the term. A person is said to commit housebreaking who commits house trespass if he effects his entrance into the house (or any part of it), or if being in the house (or any part of it) for the purpose of committing an offence, or having committed an offence therein he quits the house, such entrance or exit being made by use of force in one of the six ways as described in the Indian Penal Code.

### **Robbery**

Section 390 of the Indian Penal Code laid down, "If in order to the commission of or in committing of the theft or in carrying away property obtained by theft, the offender, for that end, voluntarily causes (or attempts to cause) to any person death or hurt or wrongful restraint or fear of instant death or hurt or wrongful restraint or fear of instant death or hurt or wrongful restraint".

### **Dacoits**

Section 391 of the Indian Penal Code states dacoits as "where five or more persons conjointly commit or attempt to commit a robbery or are present and aid such commission or attempt, every one of them is said to commit dacoits"

### **Coverage**

Business premises are generally covered against burglary and house breaking only. Mere theft without the use of force and violence is not covered, robbery and dacoits being aggravated forms of theft. It also covers risk of holdup. Burglary and house breaking fall within the scope of this cover. Under policies issued for private dwellings, the contents are covered against burglary, house-breaking and theft risks. Similarly Jewellery and valuables are also insured in the same manner.

### **Money in Transit**

Policies, as a matter of rule, cover robbery, hold-up and dacoits in addition to burglary, housebreaking and theft.

### **Business Premises Insurance Policies**

Policies issued to business premises cover stock-in-trade, goods in trust or on commission, fixtures and fittings, tools of trade such as typewriters, calculators and other similar property and cash and currency notes in locked safe against the risk of burglary and house-breaking. Loss or damage to contents or to any part of the building caused by burglary or any attempt therefore is also covered. In regard to stock-in-trade and other goods the policy may be issued on full value basis or on "first

loss" basis. A "First Loss" Policy insures the property up to a specified amount only which is calculated to be the maximum likely loss on any one occasion. This type of policy is taken where a total loss is a physical impossibility. First loss policies are usually taken for bulk commodities. The amount insured is always specified as a certain percentage of the full value, say, 10% or 12.5% of the full value. The amount of premium-loss reinsurance was ₹16.60 crores by New India in 1994-95. It has got profit of ₹12.12 crores in that year.

### **All Risks (Jewellery and Valuables) Insurance**

Policies under this form of insurance cover risks in respect of jewellery, plate, watches, personal ornaments and other valuables. Loss or damage by any accident or misfortune including fire, theft, robbery from the person, defective settings or fastening and accidental damage are thus covered. The policies do not, however, cover loss or damage:

- (i) Occasioned by or in consequence of war, invasion, act of foreign enemy, hostilities, civil war, noting, rebellion, revolution, insurrection, military or usurped power, riot, civil commotion, earth-quake or other convulsions of nature;
- (ii) caused by or arising from any process of repairing, restoring or renovating any property insured;
- (iii) Due to moth, mildew, wear or other deterioration or inherent defect in any property insured. The insurance is applicable in all places within the geographical limits provided for in the policy.

### **Exclusions**

The exceptions peculiar to a burglary (business premises) policy are:

- (i) Loss or damage where any member of the insured's household or his business staff is concerned as principal or accessory or resulting from any act committed by any other person lawfully on the premises wherein the property may happen to be;

(ii) Loss or damage which can be insured against by a fire or a plate glass or a motor insurance policy;

(iii) loss of or damage to deeds, bonds, bills of exchange, promissory notes, cash, treasury, bank notes, cheques, securities for money, stamps, stamp collections, books of accounts, manuscripts,

documents of any kind and medals and coins, unless specially mentioned and agreed to be covered.