

BURGLARY INSURANCE AND ITS NEED IN PRESENT TIME

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Abstract

The purpose of burglary insurance is to compensate the policyholder for financial losses caused by a burglary, robbery, or theft of the policyholder's property and possessions, as well as any resulting property damage. The importance of insurance of this kind has been known for millennia. Recently, burglary insurance has developed into a niche market with its own coverage specializations, rating methodologies, and ratemaking processes. The umbrella term "burglary insurance" can be deceiving because it seems to refer to only one of the many subsets that make up this industry. Employee (fidelity) dishonesty insurance and non-employee (burglary-theft) dishonesty insurance are both included in this broad category. A more appropriate title would be "crime insurance," which covers the illegal taking of another person's property. The phrase "burglary insurance" has come to be used interchangeably with "non-employee dishonesty insurance," as seen by the paper's title.

Keywords: Burglary, Insurance, Security, Theft, Dishonesty Insurance.

I. Introduction

When you invest in valuable content and furnishings for your business or home, you understandably want to ensure their security. Theft of your property or material is becoming more common as the crime rate rises; this could put you in serious financial straits. A Burglary Insurance Policy is a saviour that not only safeguards the covered property but also frees you from the stress of financial difficulty in the event of a loss due to burglary or theft.

Despite its closer relationship to property insurance, burglary coverage has traditionally been categorised with the casualty lines. Despite this common perception, burglary insurance ratemaking operations are more similar to the original fire ratemaking formula, with minor adjustments made to reflect ratemaking procedures in the casualty lines. As such, burglary ratemaking can be seen as a cross between the two types of insurance.

The primary similarity between burglary insurance and the property lines is that both involve only two parties (the insurer and the insured) in the event of a claim. The notion of indemnification for real loss experienced is present, which is fundamental to all property insurance coverages. To the extent of the policyholder's insurable interest, payments given to the insured are limited by the terms and limits set forth in the policy or imposed by coinsurance requirements, as well as the cash worth of the property at the time of the loss. This narrows the scope of potential damage to something that can be easily appraised, limiting any compensation to the loss of tangible property. Like most other property insurance losses, burglary losses are readily apparent, the amount is generally predictable, and claims can be resolved rapidly.

II. Insurance Coverage

The following is a list of the various kinds of personal property that are eligible for coverage under this policy:

1. Individual Apartment Those who reside in independent flats that are either a member of housing societies or stand-alone buildings are eligible to purchase this type of insurance policy. It makes no difference whether the property in question is one that you own or one that you rent.
2. Building on Its Own - It is possible that you and your extended family reside in a building that is on its own, and that you either own or rent the entire building out to yourself. If this is the case, you have the option to include the entire building in the coverage provided by this policy, provided that the insurer offers this added benefit.
3. Independent Villa or House - If you own an independent villa or house, or if you have rented one, purchasing burglary insurance coverage is absolutely necessary to protect your villa and its belongings from the possibility of being broken into.

The following is a list of the different kinds of commercial properties that are protected by this insurance policy:

1. Mobile shops that sell automobiles and many types of electronics.
2. Stores that sell groceries in addition to general stationery
3. places of business and places of learning.
4. The operation of Services related to home maintenance and housekeeping, such as carpentry, plumbing, engineering workshops, automobile garages, and so on.
5. Home, lifestyle, and physical fitness, including shopping malls, spas, and gyms, among many other options.
6. There are a variety of food and eating establishments, ranging from cafes and restaurants to food trucks, chains of restaurants, bakeries, and more.
7. Facilities that offer medical care, such as hospitals, pharmacies, surgical supply stores,

clinics, diagnostic centers, and other similar establishments.

8. A standard burglary insurance coverage will typically protect any and all types of businesses, regardless of size, including but not limited to the ones listed above. The kinds of commercial property that can be protected by an insurance policy might be different for each organisation.

Following is a list of the many kinds of assets that are protected by a burglary insurance policy:

1. Funds and valuables were taken.
2. Appliances for the home.
3. Electronic gadgets.
4. The movement of money.
5. The money is kept in a safe or a locker.
6. Stock in trade.
7. Business assets.
8. The machinery and tools that are utilised within the manufacturing facility or commercial premises.
9. Jewellery, gemstones.
Luxury items such as expensive watches and other coveted items.

III. Claim Settlement Process

You can follow the procedures that are outlined below in order to make the process of claim settlement more streamlined and straightforward:

1. If either the structure of your home or the belongings inside it sustain any kind of loss or damage, you are obligated to notify the insurer as soon as possible in writing, and you must do so no later than 15 days from the initial occurrence of the incident.
2. In order for the insurance company to determine the extent of the damage or loss and compile a report regarding it, a surveyor will be recruited on their behalf. It is highly recommended that you preserve a copy of that report for future reference as it may be of assistance to you.
3. Along with the properly filled out claim form, you are expected to submit any and all

proofs, witnesses, and documents that are necessary.

4. Evidence should be preserved and collected, as well as images should be taken, preserved, and produced whenever necessary.
5. The report of the surveyor will have a significant impact on whether or not your claim is approved. Therefore, refrain from producing any information that is inaccurate or misleading. And be careful to work together with the surveyor and the insurance company.
6. Whenever it is necessary, file a report with the police (FIR) and any other suitable concerned legal authorities. After doing so, provide a copy of the report to the surveyor and the insurance.
7. It is in your best interest to preserve a copy of the Burglary Policy and to present it to the insurer as well as the surveyor when requested to do so.

The claim will be accepted by the corporation if it determines that the case has merit and is authentic; otherwise, the claim will be refused.

IV. Inclusions in Burglary Insurance

You will be able to protect a wide variety of valuables on the premises of both your house and your place of business by purchasing burglary insurance. It offers a variety of coverages to protect your belongings from the dangers of theft and burglary, always keeping them safe and secure. The inclusions that are mentioned below are those that are covered by this policy:

1. Coverage in the event of unlawful and forcible entry - If someone breaks the law and enters your home or place of business with the aim of committing theft and/or violence, this insurance policy will compensate you for the financial loss you sustain as a result of damaged or lost covered possessions in the event that they are entered forcibly.
2. Protection against theft and burglary - If an insured asset that is kept in your home or

place of business is stolen or burglarized, the insurer will make up for the financial loss that you have sustained.

3. Coverage for cash kept in safe If you put your cash in a safe or in a locker securely and even after that it is stolen or burgled, this policy will cover that financial loss as well. Coverage for cash kept in locker If you keep your cash in a safe or in a locker securely, this policy will cover it. In this scenario, there are very few clauses that are subject to change depending on the organisation.
4. Burglary insurance provides coverage for precious jewelry, gemstones, valuable assets, works of art, and a select few other expensive things in the event that these are stolen or burgled. This protection is in addition to the coverage that is provided for other valuable goods.
5. Protection for money that is in transit This policy will compensate you for any loss incurred, including theft or burglary, that occurs while your physical money is in transit.

The following is a list of additional advantages that are accessible to policyholders under this arrangement:

1. Death - The policy will pay out the Sum Insured as compensation if the Insured, members of the Insured's family, or Employee(s) of the Insured pass away solely and directly as a result of an act of burglary or housebreaking that takes place during the Period of Insurance. This provision applies only if the death occurs during the Period of Insurance.
2. Permanent total disablement - The insurer will pay the Sum Insured if the Insured and/or insured's family and/or Employee(s) of the Insured suffer Permanent Total Disablement solely and directly owing to an accident of burglary or housebreaking that takes place during the Period of Insurance. This provision applies only if the accident takes place during the Period of Insurance.
3. Clothing and other personal effects are protected under this insurance policy up to a

limit of 50,000 Indian Rupees (INR) if they are lost or stolen as a direct result of an insured incident. Money is not covered under this provision.

4. Seasonal or festive increase: The Sum Insured for Stock is increased by either ten percent (10%) or one million Indian Rupees (INR), whichever is less, during the holidays of New Year and Diwali.

V. Exceptions To Burglary Insurance

There are a few things that are not going to be covered by this insurance policy, and the most relevant references are going to be given below.

1. Wilful Damage – If you suffer any loss deliberately or intentionally, the policy does not bear that loss. Wilful damage is also known as negligent or wilful damage.
2. Damage caused by an employee – This policy does not cover any losses that occur as a result of any damage caused by family members, employees, or other staff members of the business.
3. Bills and accounts – Financial loss or damage involving promissory notes, bonds, bills, deeds, cash, treasury, cheques, stamp collections, banknotes, securities of money, book of accounts, manuscript, and a few other items are not covered by this insurance unless special coverage is taken out. This policy also does not cover a few more things.
4. War – The corporation will not be held responsible for any losses you sustain if such losses were brought on by war, warlike operations, or invasions.
5. Strikes and other forms of labour unrest are not covered by the company's liability insurance, and neither are any other kind of public disturbances, including riots, acts of terrorism, or any other types of public unrest.
6. Nuclear activities are not covered by this insurance coverage, thus any damage that was caused by radioactive rays or by nuclear activities will not be reimbursed. In the event that property goes stolen or is misplaced, the insurance company is not

obligated to provide compensation under the policy.

7. Actions Taken by the Government – Any dispossession, whether temporary or permanent, confiscation, commandeering, requisition, or destruction that is ordered by the government or any lawful authority will not be covered by this policy.
8. The removal of contents is not covered by the insurance policy. This means that any loss or damage that occurs to insured property after it has been relocated from the premises of your house or business to another location is not covered.
9. This insurance coverage does not cover burglaries or thefts that occur on premises that are unattended, or on premises that were not completely locked, or on premises that did not have the appropriate level of security maintained. This clause is an exclusion in the policy.

Natural disasters – This insurance coverage does not cover any losses or damages incurred as a result of natural disasters such as floods, earthquakes, typhoons, tornadoes, storms, or any of several other similar occurrences.

VI. Case Analysis On Burglary Insurance

Mono Industries vs New India Assurance Co. Ltd.³

Facts: Complainant produces polythene rolls, bags, and tubes. It paid Rs. 1,140 for a four-lakh New India Assurance Co. Ltd. policy from 10.4.1992 to 9.4.1993. On the intervening night of 31st August and the 1st of September 1992, a burglary took place in the insured premises and information to that effect was reported to the Police and the Insurance Company. As the claim was not settled, the Complainant filed Case No.TC/826/98 before the District Forum, New Delhi, requesting a sum of Rs. 2,37,500/- towards the value of the goods stolen; and Rs. 2,00,000/- towards compensation, with interest

³ Mono Industries vs New India Assurance Co. Ltd., 2008 BusLR 460 NCDRC; II (2008) CPJ 125 N

at the rate of 18% p.a. and expenses. Before the District Forum, the Insurance Company argued that (i) the survey detected only theft, which was not covered by the insurance policy, and (ii) the Complainant did not present any proof of burglary, hence the claim was false. After hearing both parties and considering that the Complainant had shown the investigator the broken roofing sheet that might have been removed by the miscreants to enter the premises, the district forum ordered the Insurance Company to pay the Complainant Rs. 2,37,500/- for the stolen goods with interest at 18% p.a. from 1.9.1992, the date of the loss, to the date of payment. Costs were granted Rs. 2,000/-. Offended, the Insurance Company filed Delhi State Commission Appeal No.A-01/2001. The state commission's 29.9.2005 judgement affirmed the District Forum's verdict but eliminated interest and awarded Rs. 25,000/- for compensation and costs. Both parties have petitioned us to revise that order. The Insurance Company filed 2006 Revision Petition No.251 to dismiss the litigation and overturn the District Forum order. The Complainant filed 2005 Revision Petition No.3049 to confirm the District Forum's interest award. Due to the identical State Commission judgement and decision, we decide both revision requests jointly. In the Insurance Company's revision petition, learned Counsel Mr. Seth argued that: (i) no burglary occurred in the Complainant's premises, thus, the loss or damage caused to the Complainant is not covered by the policy, as it is only a case of theft as registered by the Police under Section 380 IPC; and (ii) there is no evidence on record to establish that the Complainant suffered loss of Rs. 2,37,500/-.

Issue: Whether the loss of goods sustained by the insured, fall within the meaning of 'burglary' as stated in the insurance policy?

Judgement: The Supreme Court ruled in the case United India Insurance Co. Ltd. v.

Harichand Rai Chandan Lal⁴ that entering by the use of any force, however small, is "theft from the premises by forceful and violently." Picking a lock or using a tool to force back a catch constitutes an act of violence. The facts and circumstances of each situation determine whether or not a crime has been committed. In one case, the criminals gained entry by tearing off a section of the roof, a task that could only be accomplished with physical force. Therefore, it would be a case of burglary or theft after a violent entry. This means that the insurance company is obligated to pay out on a claim if the perpetrators removed roof sheets by breaking in using force, as this meets the criteria for either theft or burglary depending on the specifics of the case.

V. Conclusion

The burglary insurance offered by India's many different insurance firms comes with a wide variety of customization options and financial advantages. You need to keep certain aspects in mind in order to choose the one that is the most convenient for you, and they are as follows. First things first, compile a list of all of your valuables that are in areas of your home that are susceptible to being broken into or stolen. Investigate the differences between the many burglary insurance policies offered by various insurance providers, as well as the places where you can get the best value for your money. You may perform this comparison online, which will make the task that you have to accomplish much simpler. Choose only the insurance provider that gives you the most protection while still accommodating all of your needs in every way. Check to see if the policy simply covers burglary, theft, or both of these things. Robberies are covered by some plans as well. Additionally, check for this. The amount that is insured ought to be adequate for the purpose of compensating you for the loss that you sustain. Even though the loss is covered by

⁴ United India Insurance Co. Ltd. v. Harichand Rai Chandan Lal, (2004) 8 SCC 644

the insurance policy's sum insured, the claim may still be resolved on a proportionate basis if the sum insured is not sufficient to pay it. The annual price for a burglary insurance policy is often more expensive, although it is possible to negotiate a lower rate for this coverage. Acquire the knowledge necessary to minimise the premium and make use of the options at your disposal in order to make the policy more reasonable. The number of crimes committed is rising, and experiencing a break-in at either your home or place of business can result in significant financial hardship. If someone steals the things you've invested money in purchasing for your house or your company, you stand to lose a significant amount of money. This is true whether or not the items were taken. In point of fact, after a break-in it may be difficult for you to replace the objects that were stolen from you because they were stolen. There are policies on the market that cover the financial loss that can be incurred as a result of burglary and theft. These policies can be found in the market. There are many different types of insurance coverage. In the event that your house or place of business is broken into, or an attempt is made to break in, the financial loss that you sustain as a result of the incident is covered by a policy known as burglary insurance. A home invasion, often known as a burglary, is defined as the unlawful act of forcibly entering a dwelling or place of business with the goal to steal.

VII. Reference

- 1) Mono Industries vs New India Assurance Co. Ltd., 2008 BusLR 460 NCDRC; II (2008) CPJ 125 N
- 2) United India Insurance Co. Ltd. v. Harichand Rai Chandan Lal, (2004) 8 SCC 644