

ADVANCE LOSS OF PROFIT INSURANCE



Safeguarding Project Revenues Before They Begin



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WHO NEEDS IT

- Power plants (thermal, hydro, solar, wind)
- Refineries & petrochemical projects
- Cement and steel plants
- Airports, ports, and rail projects
- Telecom infrastructure



Power Plants (thermal, hydro, solar, wind)



Refineries & Petrochemical Projects



Cement and Steel Plants



Airports, Ports, and Rail Projects



Telecom Infrastructure

What Is It?

Advance Loss of Profit (ALOP) Insurance—also known as Delay in Start-Up (DSU) insurance—covers the financial loss due to delay in project commissioning caused by physical damage to insured items during the construction/erection phase.

It is typically an extension of the Contractors' All Risk (CAR) or Erection All Risk (EAR) policy.

Feature	Description
Primary Coverage	Loss of anticipated profits due to project delay caused by insured events
Linked Policy	Must be attached to CAR/EAR policy
Trigger Event	Physical damage to project works (covered under CAR/EAR)
Policy Term	Matches the construction period + selected indemnity period
Sum Insured	Estimated gross profit (expected income minus variable costs)
Indemnity Period	Commonly 6 to 12 months (can be extended)
Waiting Period	Usually 30 days or as per project specs

WHAT DOES IT COVER

Why Choose ALOP Insurance?

- **Critical for debt-financed projects**
- **Helps maintain investor/lender confidence**
- **Protects cash flow during pre-revenue phase**
- **Tailored for high-value infrastructure or industrial builds**
- **Often required by banks and lenders**

What is covered?

- **Loss of anticipated income** due to delay in project completion
- **Fixed operating expenses** (standing charges like salaries, interest, admin expenses)
- **Debt servicing/loan interest payments**
- **Increased cost of working** to avoid or reduce delay impact

What is not covered?

- Delay unrelated to physical damage (e.g., political risk, design flaw, labour unrest)
- Defects in construction unless resulting in covered damage
- Cost overruns, penalty clauses, or loss of incentives
- Force majeure delays not causing physical damage
- Delay beyond the selected indemnity period

Optional Extensions (Add-ons)

- Delay due to damage at suppliers' premises
- Delay due to offsite storage or transit loss
- Cover for loss of expected revenue from partial operations
- Delay due to denial of access by civil authority