

Machinery Loss of Profit (MLOP) Insurance



Protecting Profits, Not Just Property.

Protect it!



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WHAT IS IT?

Machinery loss of profit (MLOP) insurance covers financial losses arising from a disruption in business due to machinery breakdown. While a standard machinery breakdown (MB) policy covers repair costs, MLOP covers loss of income during the downtime.

Key Highlights

Feature	Description
Primary coverage	Loss of gross profit due to machinery breakdown
Policy trigger	Indemnifiable event under machinery breakdown policy
Eligibility	Businesses with critical dependence on plant/machinery
Policy term	Usually 1 year, renewable
Sum insured	Based on estimated annual gross profit
Waiting period	Standard 7–14 days (can vary)

WHAT DOES IT COVER

- ☐ Loss of gross profit, including:
 - Net profit that would have been earned
 - Standing charges (fixed expenses like rent, salaries, interest, etc.)
 - Increased cost of working (expenses to minimize the loss)
- ☐ Coverage period: from the start of interruption to reinstatement of normal operations, up to the selected indemnity period (e.g., 3, 6, or 12 months).

OPTIONAL EXTENSIONS (ADD-ONS)

- Damage at supplier's/customer's premises
- Loss due to denial of access
- Auditors' fees for claim preparation
- Failure of utilities (power, water, etc.)
- Coverage for multiple breakdown events

WHY MLOP IS IMPORTANT

- Protects income, not just assets
- Complements machinery breakdown policy
- Ensures business continuity
- Critical for capex-heavy industries
- Can be tailored to your actual operations and profitability



IDEAL FOR INDUSTRIES LIKE:

- Manufacturing (textiles, steel, plastics)
- Pharmaceuticals
- Food & beverage
- Automotive
- Power generation & processing

MAJOR EXCLUSIONS

- Delay due to non-availability of spares
- Willful negligence or faulty operation
- Wear and tear or gradual deterioration
- Damage not covered under MB policy
- Loss due to fire, natural calamity (unless covered separately)