



ACG Member

Central Depository Services (India) Limited

# **INSURANCE POLICY ON DEPOSITORY BUSINESS**

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# Structure

1. Need for insurance
2. Insurance Policy On Depository Business

# Need for insurance

- Statutory Requirement

## I. Section 16 of the Depositories Act, 1996:

Depositories to indemnify loss in certain cases-

1. *Without prejudice to the provisions of any other law for the time being in force, any loss caused to the beneficial owner due to the negligence of the depository or the participants, the depository shall indemnify such beneficial owner.*

2. *Where the loss due to the negligence of the participant under sub-section (1) is indemnified by the depository, the depository shall have the right to recover the same from such participant.*

# Need for insurance continued.....

## II. Regulation 36 of the SEBI (Depositories and Participants) Regulations, 1996:

Insurance against risks-

*Every depository shall take adequate measure including insurance on account of its activities as a depository.*

# Premium for insurance cover

- Nature of risk
- Cost of re-insurance
- Claims history

## Existing insurance cover for Depository Business in CDSL

- i. Comprehensive Package Policy for Depository Services
- ii. Insurance policy for warehouse receipts
  - Third Party Liability Policy

# Scope of coverage

## Who Is Covered

- CDSL  
&
- Depository Participants

# Features of policy

- Sum Assured (for securities) Rs. 50 crores
- Sum Assured (for commodities) Rs. 10 crores
- Self excess for DPs Rs. 50,000
- Self excess for CDSL Rs.1,00,000



# Risks covered

- Infidelity of employees
- Loss of property
- Forgery or alteration or modification
- Incomplete transactions

# Risks covered ...Contd.

- Errors and Omissions
- Fraudulent computer instructions
- Computer virus / bugs
- Transaction through easiest

# Exclusions

- Loss due to fire
- Force majeure (e.g. natural calamities)
- Consequential loss / dividend etc.,
- Fines and Penalties

# How to submit the claim ?

- If an employee of a DP is involved in a fraud, FIR to be filed with Police Authority.
- Name of the employee should appear in the FIR.
- Inform CDSL about the complete details of the insurance claim
- Take measures to compensate the Beneficial Owner and to minimize the loss
- CDSL will lodge the insurance claim with the insurance company
- Appointment of surveyor to assess the loss
- Settlement of claim by insurance company



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*Thank you !*

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