

Re:HO Fire&Engg:2019:2

25th February 2019

All Regional In-charges

Re: Revision in Rating under Fire LOB

Due to changes imposed in our Reinsurance Treaties, the rates and other terms and conditions of few occupancies under Fire LOB would change with effect from 1st March 2019.

- The changes in rates that will be effective from 01st March 2019 is listed under “Item A” below
- The changes in deductible that will be effective from 01st March 2019 is listed under “Item B” below
- The other changes and revision in underwriting guidelines with effect from 1st March 2019 is listed under ‘item C’

Item A

The FLEXA rate for the following risks will be as per the following IIB occupancy code and IIB Loss Cost Rate.

For STFI and EQ covers, additional premium should be charged in strict compliance with HO circular HO: FIRE & ENGG:2016:2 dated 26th November 2018.

Sl.No	IIB Occupancy Code	Section	Occupancy Description	IIB Loss Cost (Rate per mille)
1	2043	IV	Chemical Manufacturing (Using materials with Flash Point below 32° C), Bulk Drug Manufacturing	1.94
2	2044	IV	Chemical Manufacturing (others) including Pharmaceutical and Toiletry product manufacturing	1.01
3	2053	IV	Cloth Processing units outside the compound of Textile Mills	1.05

4	2066	IV	Detergent Manufacturing with Sulphonation plant	1.43
5	2068		Distilleries	1.24
6	2070		Electric Generation Station – Hydro Power stations	0.40
7	2075	IV	Steel Plants /Integrated Steel Plants , Hot/Cold Rolling, Metal Smelting , Metal Extraction , Ore Processing & Furnaces	0.25
8	2079	IV	Fertiliser Manufacturing (Other than those rateable under Petrochemical Tariff)	1.25
9	2084	IV	Foamed Plastic Manufacturing and / or converting plants	2.66
10	2089	IV	Garment Makers, Toppee, Hats and the like makers	0.99
11	2111	IV	Jute Mills	2.75
12	2115	IV	Leather Cloth Factories	2.11
13	2121	IV	Man-made Fire Manufacturing (Using Cellulose)	0.65
14	2122	IV	Man-made Fire Manufacturing (Others)	0.71
15	2134	IV	Non-woven fabric manufacturing	1.72
16	2140	IV	Paint Factories (Water based)	1.50
17	2141	IV	Paint (others) and varnish factories	2.27
18	2142	IV	Paint – Nitrocellulose based	2.76
19	2148	IV	Plastic Goods Manufacturing (excluding foam plastics)	1.93
20	2163		Rope works (Plastic) , Assembling of Plastic Goods such as Toys and like	1.44
21	2165	IV	Rubber Factories	1.76
22	2166	IV	Rubber Goods Mfg with Spreading	2.07
23	2167		Rubber Goods Mfg without Spreading	1.56
24	2171	IV	Silk Mills/ Spun Silk Mills	0.99
25	2189	IV	Textile Mills Spinning Mills	0.82
26	2196	IV	Tyre and Tube Manufacturing	1.26
27	2199	IV	Velvet cloth Manufacturing	1.47
28	2202	IV	Weaving Mills	0.75
29	2206	IV	Woolen Mills	1.10
30	2207	IV	Yarn Processing	1.13
31	2210	IV	Electric Generation Station Others	0.59
32	2211	IV	Textile Mill Composite Mills	2.33
33	4004	VI	Storage of Hazardous Goods listed in Catogery III subject to warranty that coir waste , coir fibre , Caddies are not stored therein	4.24
34	4005	VI	Transporters Godown and Godown of clearing and forwarding agents	3.60
35	4010	VII	Tanks containing liquids flashing at 32 ^o C and below	1.90

Note – The above specified minimum rates supersede any other underwriting guidelines given earlier for the same occupancies

In case of All Risk / IAR/ Mega Policies of the above occupancies, the following minimum rates to be charged additionally .

MBD	Rs 0.25 per mille
FLOP	100% of fire rate (i.e IIB loss cost +NAT CAT- Irrespective of selected Indemnity Period
MLOP if opted	Rs 1.00 per mille – Irrespective of selected Indemnity Period

Appropriate loading on above rates is to be made for procurement expenses and management expenses .

In case of two occupancies codes namely (a) Engineering work shop IIB code 2075 (b) Electric Generation Station others IIB code 2210 further clarifications are given under special notes below .

Note on IIB code 2210 – As per the practice All Electric generation plants other than Hydro Electric plants are rated under this code . The minimum FLEXA rates mentioned above will be applicable to all power plants excluding Wind and Solar power plants . The existing rating pattern will continue for Wind and Solar power plants after 1st March 2019 . We have advised IT department to create a sub code for Wind and Solar power plants and suitable advises will be issued once such sub codes are generated .

Note on IIB code 2075 – The minimum FLEXA rate noted in the table above will be applicable only for the Steel Plants / Integrated steel plants , Hot/Cold Rolling , Metal smelting , Metal Extraction, Ore processing & Furnaces . For other occupancies falling under Engineering workshops, the existing rating pattern will continue.

Multiple occupancies - For Multiple occupancy policies including for e.g. Pharma which includes both bulk drug and formulation the IIB rate applicable to Chemical Manufacturing (Using materials with Flash Point below 32° C), will be applied .

For multiple occupancy involving any two of the occupancies listed in the table of FLEXA rates above , the higher of the two rates may be applied.

No office should give further discount on above specified minimum rates under any circumstances as such policies will not have Reinsurance support .

Item B

With effect from 1st March 2019 (both for renewals and new business) , the deductibles applicable to following occupancies will be as per the table below

- 1) Power plants excluding Wind and Solar Power plants (Above INR 500 Crores top location sum insured)
- 2) Steel Plants (Above INR 500 Crores top location sum insured)

Deductible (Each and Every Loss)

FLOP	30 Days of Gross Profit
MLOP	45 Days of Gross Profit
Material Damage	5% of Claim amount subject to Minimum INR 1.25 Crores

Item C

The minimum rates specified in “Item A” , above will be applicable only to the Occupancies specified therein , for all other occupancies , the prevailing underwriting practice would continue in the same pattern after 1st March 2019 .

The following 10 occupancies are common to Item A above and HO circular on Decline Risk (HO : FIRE&ENGG:2016:9 dated 25th October 2016).

- 1) Foamed Plastic Manufacturing
- 2) Jute Mill
- 3) Leather cloth Manufacturing
- 4) Paint factories (water based)
- 5) Paint factories (others) & Varnish factories
- 6) Paint Nitro cellulose based
- 7) Rubber factories
- 8) Rubber goods Manufacturing (with spreading)
- 9) Woollen Mills
- 10) Yarn Processing

For the above mentioned 10 occupancies the minimum rates specified in “Item A “ above should be strictly complied and for other declined risks, the prevailing underwriting practice would continue in the same pattern after 1st March 2019 .

Item D

Please note that the authority for approving Fire proposals beyond Rs 500 cr (combined limit for PD + BI) **on Top Location basis** rests with HO. Wherever separate BI S.I. (Top Location) is not available, entire BI S.I. is to be considered.

Please take careful note of the above guidelines and inform the same to all Operating offices with the instruction that the same is **FOR INTERNAL CIRCULATION ONLY.**

(SUNIL KUMAR SINGH)

DY. GENERAL MANAGER