



## Treaty Endorsement related clarifications raised by cedants.

### The endorsement to Property

#### Clarifications in respect of Point (A) of the endorsement.

1. Request for deferment of this endorsement till 1.4.2019.  
The endorsement to be effective 1.3.2019 is maintained.
2. Is this endorsement across all cedants in the market even where GIC Re does not lead the treaty?  
Yes. This endorsement is applicable on all treaties of all cedants in this market where GIC Re participates.
3. Whether for risks Upto Rs. 500 crores Sum Insured, per risk underwriting would be on Top Location basis ?  
Yes, all risks upto Rs 500 crores Top location would be underwritten on a 100% Sum Insured basis.
4. Rearranging the PML bands as conveyed in the endorsement.  
The PML bands have been well thought out and will remain as conveyed.
5. Risks above Rs 20,000 crores Sum Insured to be referred to GIC Re on what basis.  
Risks above Rs 20,000 crores Sum Insured **on Top location basis** to be referred to GIC Re for cession to the treaty .

#### Clarifications in respect of Point (B) of the endorsement :

6. Will the deductible for Thermal Power plants also apply for Gas and Combined cycle power plants as well?  
Yes. The deductible for Thermal power plants will apply for **ALL** power plants. However this will not apply to Wind and Solar power plants.
7. Whether Steel plants is only for Integrated Steel plants or includes all plants producing Steel?  
It applies to all plants producing steel.

#### Clarifications in respect of Point (C) of the endorsement :

8. Whether PML is applicable for occupancies listed in Point ( C ) of the endorsement ?  
PML is not applicable for occupancies listed under Point ( C ) of the endorsement as these occupancies are to be underwritten strictly on 100% Sum Insured basis.



**Clarifications in respect of Point (D) of the endorsement :**

9. Clarification on IIB codes.

The following IIB occupancy codes will apply for each of the occupancies under Point (D):

No.	Main Occupancy	Codes to be included
1.	Textiles	2053, 2089, 2103, 2111, 2115, 2121, 2122, 2134, 2171, 2189, 2199, 2202, 2206, 2207 and 2211
2.	Plastics	2084, 2148 and 2163.
3.	Rubber Goods Manufacturing	2165, 2166, 2167 and 2196
4.	Chemical Manufacturing ( < 32 deg C Flash point)	2043, 2068, 2066, 2079, 2140, 2141, 2142 and 4010.
5.	Storage of Category III Goods	4004
6.	Transporters Godowns	4005
7.	Steel Plants	For Steel Manufacturing – 2008 For Other than Manufacturing – 2075
8.	Power Plants	2070 and 2210

10. Will the Nat Cat rates apply on large risks also?

All cessions to the treaty across all risks on Nat Cat perils will be made as per the declaration made by the cedant as per the attached rates at Annexure 1.

For the 8 occupancies listed under Point (D) also, Nat Cat rates as declared by the cedant will apply across all risks whether Large or otherwise.

11. What about IAR / Mega policies as IIB rates are for FLEXA perils under SFSP policies?

For IAR / Mega policies, the Gross Written Premium for cessions to the treaty on the occupancies listed in Point (D) to be determined as under:

- IIB loss cost rate published vide circular dated 24<sup>th</sup> March 2017, release No 2 (as attached) or any future revision to these rates by IIB PLUS
- FLOP / MLOP / MB / Other Add- on rates as chargeable normally PLUS
- NAT CAT rate as per latest declaration by the reinsured.
- The total rate so arrived (i.e. a+b+c above) must be further appropriately loaded based on reinsured's own experience on procurement / management expenses or any other relevant costs before the final basic rate is arrived at.



12. In respect of Chemical Manufacturing < 32degrees C – for multi occupancy policies , how will the cessions be arrived at?  
For Multi occupancy policies including for eg. Pharma which includes both Bulk drug and Formulation, the IIB rate applicable for Occupancy Code 2043 may be applied.
13. In respect of Storage of Category III goods for Multi occupancy polices how will the cessions be arrived at ?  
For Multi occupancy policies including for Storage of Category III goods, the IIB rate applicable for Occupancy Code 4004 may be applied.
14. In respect of Multi occupancy involving Manufacturing and storage (Transporters Godowns / CFA/ Cat III Goods) , do we need to rate the Storage portion separately as per the circular?  
For Multi occupancy involving any two of the occupancies listed in Point (D) of the endorsement, the higher of the two IIB Rate of the occupancies may be applied. For eg. In the above case, the rate for occupancy code 4004 (i.e. Storage of Category III Goods ) may be applied.
15. Definition of Steel Plants –  
For all Steel Manufacturing plants the IIB Rate for applicable for Occupancy code 2008 ( Aluminium, Zinc, Copper factories i.e. metal manufacturing ) may be applied.  
  
For all other Steel plants other than manufacturing, the IIB rate as per Occupancy code 2075 may be used.
16. Definition of Power Plants –  
The endorsement is hereby modified to apply to ALL Power Plants excluding Wind and Solar Power plants.

**General Provisions :**

Cession to treaty arising out foreclosure of policies due on or after 1<sup>st</sup> March 2019 by cancelling and rewriting policies is strictly not allowed.

Purchase of polices before expiry of the current policy period should not be accepted.