



# UNITED INDIA INSURANCE CO. LTD.

## Fire & Engineering department

From Fire & Engineering (Tech) Department Head Office Chennai HO:FIRE:TECH:164:2018-19	To All Regional Offices / LCBs  22/02/2019
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### Sub: Revision in rating & underwriting authority for policies issued under Fire LOB

GIC Re, our Fire Surplus Treaty leader, has made amendments to our Reinsurance Treaty w.e.f. 01/03/2019. Consequently, there would be underwriting changes in a few of the occupancies underwritten by the operating offices.

The following would be the changes that would come into force with immediate effect.

a. The Underwriting acceptance authority w.e.f. 01/03/2019 is revised as under:

OTHER THAN DECLINED RISKS (SFSP Single location, SFSP Multi location, SFSP Floater, SFSP Declaration, SFSP Floater Declaration & Industrial All Risk Policy):

GC Role	Existing acceptance authority (MD + BI)*
BO Underwriter	Upto SI Rs. 5 Cr
DO Underwriter	Upto Rs. 100 Cr
RO / LCB Underwriter	Upto Rs. 500 Cr
HO Underwriter_Fire	Above Rs. 500 Cr

\*limit of sum insured shall be exercised considering SI of all policies issued per risk and per location **and not policy wise.**

DECLINED RISKS (SFSP Single location, SFSP Multi location, SFSP Floater, SFSP Declaration, SFSP Floater Declaration & Industrial All Risk Policy):

GC Role	Existing acceptance authority
BO Underwriter	NIL
DO Underwriter	NIL
RO / LCB Underwriter	Upto Rs. 5 Cr
HO Underwriter_Fire	Above Rs. 5 Cr

b. Proposals with combined Sum Insured (Material Damage + Business Interruption Sum Insured) exceeding Rs. 800 Cr may require Facultative support and hence are to be referred to HO atleast 15 days prior to the inception of the risk. **Please note that multiple policies issued for the same risk (separately for assets, stocks & LOP) are to be looked at collectively for this purpose.**

c. All LOP proposals incepting from 01/03/2019, irrespective of Sum Insured will be escalated to HO for approval. Necessary approvals have to be taken in advance for underwriting the same.



# UNITED INDIA INSURANCE CO. LTD.

## Fire & Engineering department

d. The following risks (Risk code / Rate code given) will be rated at the minimum rates as per the table below. These rates are purely FLEXA rates only, and NATCAT rates as per HO circular HO:TECH:163:2018 dated 15/11/2018 are to be strictly adhered to. **Arrangements are also being made to incorporate the changes in the rates in GC Core.**

Occupancy Code	Section	Risk Code / Rate code	Risk description	Minimum rate
2043	IV	43/11	Chemical manufacturing using RM with flash point less than 32deg C	1.94
2053	IV	53/05	Cloth Processing unit located outside the compound of Textile Mill	1.05
2066	IV	66/09	Detergent Manufacturing with Sulphonation Plant	1.43
2068	IV	68/09	Distilleries	1.24
2070	IV	70/04	Electric Generation Stations – Hydro	0.40
	IV	75/05	Steel Plant (Manufacturing of steel), Metal smelting, Foundries, Metal Extraction, Ore processing (other than Aluminium, Copper, Zinc)	0.71
2075	IV	75/04	Engineering Workshop - - Structural Steel fabricators, Sheet Metal fabricators, Hot/Cold Rolling, Pipe Extruding, Stamping, Pressing, Forging Mills, Galvanising works	0.25
2079	IV	79/08	Fertiliser Manufacturing (other than those rateable under Petrochemical Tariff)	1.25
2084	IV	84/05	Foamed Plastics Manufacturing and / or converting plants	2.66
2089	IV	89/07	Garment Makers, Topee, Hats and the like makers	0.99
2103	IV	103/08	Hoisery,lace, Embroidery/Thread factories	1.17
2111	IV	111/15	Jute Mills	2.75
2115	IV	115/12	Leather Cloth Factories	2.11
2121	IV	121/04	Man-made Fibre Manufacturing (using Cellulose)	0.65
2122	IV	122/05	Man-made Fibre Manufacturing Plant (Others)	0.71
2134	IV	134/11	Non-woven fabric Manufacturing	1.72
2140	IV	140/07	Paint factories (Water based)	1.50
2141	IV	141/13	Paint (others) & Varnish Factories	2.27
2142	IV	142/15	Paints - Nitrocellulose based	2.76
2148	IV	148/12	Plastic goods manufacturing (Excluding foam plastics)	1.93



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## Fire & Engineering department

2163	IV	163/09	Rope works (Plastic), Assembling of Plastic Goods such as Toys and the like	1.44
2165	IV	165/11	Rubber factories	1.76
2166	IV	166/12	Rubber Goods Mfg with Spreading	2.07
2167	IV	167/09	Rubber Goods Manufacturing without spreading	1.56
2171	IV	171/06	Silk Mills / Spun Silk Mills	0.99
2189	IV	189/08	Textile Mills Spinning mills	0.82
2196	IV	196/08	Tyres and Tubes Manufacturing	1.26
2199	IV	199/09	Velvet Cloth Manufacturing	1.47
2202	IV	202/06	Weaving Mills	0.75
2206	IV	206/07	Woolen Mills	1.10
2207	IV	207/05	Yarn Processing	1.13
	IV	70/06*	Electric Generation - Thermal Power Plant	0.59
	IV	70/07*	Electric Generation - Gas Turbine / Combined Cycle Power Plant	0.59
2211	IV	189/07	Textile Mills Composite Mills (Composite Mills are those where activities from Blow Room to Cloth processing are involved)	2.33
4004	VI	22/18	Storage of hazardous Goods listed in Category III subject to warranty that Coir waste, Coir fibre and , Caddies are not stored therein.	4.24
4005	VI	23/18	Transporter's godowns & Godowns of clearing and forwarding agents.	3.60
4010	VII	28/12	Tanks containing liquids flashing at 32 0C and below	1.90

**In case of Industrial All Risk / Mega policies for the above risks, the following minimum rates are additionally to be charged:**

Machinery section	Breakdown	Rs. 0.25 per mille
Fire Loss of Profit section		100% of the rate charged for Fire (IIB rates + NATCAT) – irrespective of Indemnity Period
Machinery Loss of Profit section		Rs. 1 per mille – irrespective of Indemnity Period

Appropriate loading on FLEXA, NATCAT and the above rates is to be made for procurement expenses, management expenses and other relevant costs.

**No discount on these rates, under any circumstances, can be made or offered.**



# UNITED INDIA INSURANCE CO. LTD.

## Fire & Engineering department

### Multiple Occupancies:

- i. In case of Pharmaceutical manufacturing plants housing both Bulk drug (API) and Formulation units, the rating has to be done as per rate code / risk code - 43/11 (Chemical manufacturing using RM with flash point less than 32deg C)
  - ii. For multiple occupancies involving any 2 of the occupancies (Manufacturing or storage) listed in the table above (Point d), the higher rate should apply.
- e. For all Fire, LOP & IAR policies issued for the following risks with SI (Material Damage + Business Interruption) more than Rs. 500 Cr, the excess will be as under:
- i. Power Plants excluding Wind and Solar power plants
  - ii. Steel Plants

### **EXCESS (For each & every loss)**

Material Damage: 5% of the claim amount subject to minimum Rs. 1.25 Cr

Machinery Breakdown: 5% of the claim amount subject to minimum Rs. 1.25 Cr

Fire Loss of Profit: 30 days of Gross Profit

Machinery Loss of Profit: 45 days of Gross Profit

\*\* New risk code shall be introduced for thermal, Gas/combined cycle power plant, Solar plant, Wind mills and Steel Plants.

**For all renewals falling on or after 01/03/2019, the Underwriter shall validate / verify the risk code as mentioned above to avoid any RI complications.**

f. NATCAT rates as per HO circular HO:TECH:163:2018 dated 15/11/2018 are to be strictly adhered to, for all risks including Large and MEGA risks.

**In case any risk / premium has already been accepted and / or policy has already been issued, not in line with the above for policies incepting from 01/03/2019, the premium should be refunded and policy should be cancelled. Alternatively, the additional appropriate premium can be collected before 01/03/2019 and endorsement issued.**

The above underwriting changes are to be adhered to without fail. Any breach of the same would mean that the policy would not be having any RI support and any claims under this policy will be to our Net account.

**You are advised to communicate the same to all operating offices under your control.**

Kindly confirm compliance

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Nagalakshmi D

(Deputy General Manager)