

SECTION 16

ENFORCEMENT OF THE REVISED FIRE TARIFF

DEFINITIONS

In this Section, the following words and expression shall have the following meaning:-

- a) "Association" : The Persatuan Insurans Am Malaysia (General Insurance Association of Malaysia).
- b) "Implementation Date" : The implementation date of the Revised Fire Tariff.
- c) "Inter-Company Agreement on General Insurance Business" : The Inter-Company Agreement on General Insurance Business, the parties to which are also the Business Members of the Association.
- d) "Member" : Members of the Association.
- e) "MRB" : The Malaysian Reinsurance Bhd and where the context so admit, includes persons deriving title thereunder and its successors-in title.
- f) "Sum insured" : Unless otherwise indicated, the sums insured wherever mentioned would refer to the material damage and consequential loss sums insured separately or combined.

CLAUSE 1 - GENERAL

The Revised Fire Tariff shall be governed and enforced by the relevant provisions of the Inter-Company Agreement on General Insurance Business with effect from the implementation date. Insurances issued under the Revised Fire Tariff shall be subject to the rules/provisions as contained therein for risks commencing attaching extending or renewing on or after the implementation date.

CLAUSE 2 - RULES/FORMULA FOR RATING OF RISKS

The rate applicable in respect of risks in which the policies issued or to be issued is governed by and/or subject to the rules and/or rateable under this Tariff, shall be determined in accordance with its prescribed rating formula/method according to the categories of sums insured as below:

i) Total Sums Insured Below RM10 million

Risks under this category of sum insured shall be rated by applying the Gross Tariff rates as available and appropriate. Discounts due to the installation of fire extinguishing appliances may be given subject to the rules/provisions /requirements under Section 9 of the Revised Fire Tariff.

In respect of a risk where the nature of trade and/or occupation is such that the trade classification is not available, such risk must be submitted to the Rating Committee in accordance with the procedures laid down under Section 10, for rate and/or trade classification determination.

ii) Total Sums Insured Between RM10 million to RM50 million

Risks under this category of sum insured shall be self-rated by member companies in accordance with rules, rating guidelines/structure as provided under Section 17 of the Revised Fire Tariff.

(iii) Total Sums Insured Above RM50 million

Risks with sum insured under this category must be submitted for special rating to the Rating Committee in accordance with rules, requirements and procedures laid down under Section 10.

CLAUSE 3 - PROVISION FOR STAGGERING OF PREMIUM INCREASES

Where the increase in the final gross premium rate to be charged for any existing risk (whether gross tariff rated or specially-rated) is more than 35% of the existing final premium rate, the increase in the final gross premium rates shall be staggered over a three-year period as follows:-

- i) The increases at next renewal shall be kept at 35% of the existing final premium rate with further increases of 35% of each of the second and third renewal until the required level of Revised Tariff rates are achieved within the three (3) year period.
- ii) However, where the total increase required to achieve the Revised Tariff level of rate exceeds 100% of the existing final premium rates, the total increase must be achieved in three (3) years by spreading the increase to the extent of one-third (1/3) of the total at each of the next and following two (2) renewals.
- iii) If a new insurer should take over a risk during the period of staggered increase, he shall do so at the appropriate level accordingly. The new insurer must obtain written confirmation of the rating position from the preceding insurer. It shall be incumbent upon the preceding insurer to provide such written confirmation when so requested.

CLAUSE 4 - COMPLIANCE

Failure to comply with any of the foregoing provisions where appropriate, shall constitute a breach of the Tariff rules.

CLAUSE 5 - CHANGE TO RULES

The Association reserves the absolute right to amend/alter/change any of the abovementioned Rules as it deemed fit.