

**SECTION 17****RULES FOR SELF-RATING FOR RISKS WITH SUMS INSURED  
BETWEEN RM10 MILLION TO RM50 MILLION****1.0 General**

In respect of risks with sums insured between RM10 million to RM50 million (material damage and consequential loss combined), the rates shall be determined by member companies in accordance with the rules, rating computation formula and rating factors as laid down hereunder.

**1.1 Rules**

1.1.1 In the event that a particular risk is deemed unclassified i.e. for risks in which a trade or process of manufacture carried out which does not appear in the classification in the Tariff, such risks shall be submitted to the Rating Committee for determination of trade classification and/or the rate applicable.

1.1.2 For the purpose of determining whether a risk has the sum insured to qualify for self-rating under this Section, any one risk shall be defined as:-

(i) All the property of the insured situated within the compound/perimeter of one location/address.

(ii) In the case of an estate, other than an industrial estate, all the property so situated within the compound/perimeter of one location/address/named estate shall be treated as one risk.

1.1.3 In respect of a risk where it is jointly insured by more than one entity and that the sum insured of each entity is less than RM10 million and therefore, that particular entity does not qualify for self-rating but is between RM10 million and RM50 million if combined with other entity/ies, it shall nevertheless qualify for self-rating provided that the combined total sum insured is between RM10 million and RM50 million, and the inter-relationship between each entity in the group is a holding company and its direct subsidiary company.

1.1.4 In the case of fluctuations in the sum insured or changes in the risks, whilst the sums insured is still within the range of RM10 million to RM50 million, the rate may be revised from the date of such change(s) taking place.

1.1.5 In respect of rating for Householders/Houseowners policies, members are required to submit the rating of such policies to the Rating Committee for special rating per Section 10 of the Revised Fire Tariff.

- 1.1.6 In respect of any risk which comprise buildings of different trades, constructions, FEA installations etc. which merit block rating consideration, members are required to submit to the Rating Committee for determination of the rate applicable.
- 1.1.7 Where information deemed necessary to rate any risk is not available or insufficient, the Tariff rate is to be applied in the interim.
- 1.1.8 In the event the sum insured has increased to more than RM50 million, members shall submit the risk immediately to the Rating Committee for special rating in accordance with Section 10 of the Revised Fire Tariff. In the event the sum insured falls below RM10 million, the risk shall revert to the Tariff rate effective from the date of such change in the sum insured.
- 1.1.9 Members are required to carry out a survey and review of the risk once in every 3-year period or less for all self-rated risks between RM10 million to RM50 million.

## **1.2 Rating Computation Formula**

The rates shall be computed in accordance with the rating structure as provided under Appendix: 1 for Fire and perils cover. Examples of rating computation are shown in Appendices: 2 & 3. Attached also the rating structure for Consequential Loss insurance per Appendix: 4.

## **1.3 Rating Factors**

### **1.3.1 Basic fire rate**

The basic fire rate shall be the rates per Section 4 of the RFT.

### **1.3.2 Loading for Spray Painting**

The quantum of loading shall be per Regulation 1.48.4 of Section 1 of the Tariff and shall be added onto the basic fire rate.

### **1.3.3 Fire Extinguishing Appliances (FEA) Discounts**

Discounts for FEA shall be per the Tariff. In respect of automatic sprinkler installation, member companies may allow a maximum discount depending on whether the insured does or does not have full control of the system i.e. at 12.5% or 6.25% respectively. Any discount in excess of the maximum levels quoted above can only be determined by the Rating Committee upon submission of full documentation by the applicant company.

### **1.3.4 Special Discount for New Building**

For buildings not exceeding 6 years old, a discount of 5% can be given.

### 1.3.5 Special Loading Factor For Age of Building

The age of building would be determined based on the year during which a building has been handed over by the contractor/developer to the purchaser/owner/principal.

Loading shall apply to buildings of 15 years and beyond depending on the construction class as per scale below:-

Age of Building	Loading Scale Construction Classification		
	C1A/C1B	C2	C3
15 - 20 years	2.50%	3.13%	3.75%
Beyond 20 years	5.00%	6.25%	7.50%

For a building exceeding 15 years of age where re-wiring has been done, the loading may be withdrawn provided the re-wiring is complete for the entire premises and would not be subjected to loading for another 15 years.

### 1.3.6 (i) Security

A discount can be granted if the Insured's premises is provided with a continuous security guard service on 24 hours basis with at least one guard on duty at any time. This discount is applicable to industrial risks only.

Discount : 2%

#### Warranty Wording

##### 24-Hours Security Guard Warranty

Warranted that during the currency of this policy, the premises shall be protected by security guards who are:

- a) in uniform;
- b) on continuous 24 hours duty, including public holidays; and
- c) with a minimum of one guard per shift on duty at any time.

No liability shall attach to the company under this policy unless the terms of this warranty are complied with.

**(ii) Large Sum Insured (LSI) Discounts**

Depending on the quantum of the material damage sum insured only, a discount for LSI may be given in accordance with the following scale:-

MDSI	Discounts (%)
RM10,000,000 and below	0.0
RM10,000,001 to RM20,000,000	15.0
RM20,000,001 to RM50,000,000	17.5

**1.3.7 Perils rates**

- (i) The basic perils rates shall be as per the Tariff. Discounted perils premium shall be given on the perils rates on the material damage sum insured only in accordance with the following scale:-

MDSI	% Discount perils rate
Up to RM15,000,000	50
RM15,000,001 to RM50,000,000	82

- (ii) In respect of a special/extraneous peril where a separate rate based on a separate sum insured is requested (provided that such a request is permissible under the Tariff), a separate rate may be given taking into consideration of the scale of discount as in (i) above. Examples of the calculation are as follows:-

Example 1

Peril selected : EIC(B)  
 Tariff Rate : 0.056%  
 Sum Insured : RM 16,000,000

According to scale as in 1.3.7 (i) above,

	MDSI	Discount*	Premium payable after discount*
1 <sup>st</sup> layer	RM15,000,000	50%	RM4,200
Balance	RM 1,000,000	82%	RM 101
		Total	<u>RM4,301</u>

$$\begin{aligned} \text{Rate applicable after discount} &= \frac{\text{RM } 4,301 \times 100\%}{\text{RM}16,000,000} \\ &= 0.027\% \end{aligned}$$

Therefore, 0.027% is the separate rate applicable for EIC (B).

Example 2

Peril selected : EIC(B)  
 Tariff Rate : 0.056%  
 Sum Insured : RM 9,000,000

According to scale as in 1.3.7(i) above,

	MDSI	Discount	Premium payable after discount
1 <sup>st</sup> layer	RM 9,000,000	50%	RM 2,520
Balance	RM 0	82%	RM 0
		Total	<u>RM 2,520</u>

$$\begin{aligned} \text{Rate applicable after discount} &= \frac{\text{RM } 2,520 \times 100\%}{\text{RM } 9,000,000} \\ &= 0.028\% \end{aligned}$$

Therefore, 0.028% is the separate rate applicable for EIC (B).

- (iii) If a member company wishes to issue a single rate taking into consideration of any special/extraneous peril where nomination of a separate sum insured is permissible, this can be done by adding this separate special/extraneous peril premium to the premium for the fire plus other perils and divide this combined premium over the total Material Damage (MD) sum insured.

Example:

Sum insured : RM 17,000,000 (MD)  
 Premium for Fire & selected perils : RM 64,600  
 Premium for EIC B : RM 2,520 (based on sum insured of RM 9 million)

$$\begin{aligned} \text{Therefore, a single rate for Fire plus perils with EIC B} &= \frac{\text{RM } 64,600 + \text{RM } 2,520 \times 100\%}{\text{RM } 17,000,000} \\ &= 0.395\% \end{aligned}$$

**1.4 Enforcement**

To ensure compliance of the rules herein by Members, Members are required to maintain a copy of the rating computation of any risk per the standard rating computation form, including all documentary evidence where a discount has been granted for the rating factors provided under rule 1.3 for purposes of inspection.



## APPENDIX 2

**SELF-RATING COMPUTATION FOR RISKS WITH SUM INSURED (MD & CL COMBINED)  
BETWEEN RM10 MILLION TO RM50 MILLION**

INSURED : [C Circuits \(M\) Sdn Bhd](#)

DATE : 01.03.13

LOCATION : [Bukit Mertajam, Penang](#)CLSFN : Mfr/assembly of electronic components, equipment and appliances &  
Semi-conductor risks (excluding Wafer Manufacture)

	%	%	%	RATE (%)
(i) Basic fire rate Code <input type="text" value="2709"/> Cons.Class <input type="text" value="CIA"/> <input checked="" type="checkbox"/> Loading				0.12760
a) Insert Rating Committee's rate (where applicable)		<input type="text" value="0"/>		0.00000
b) Insert Additional Rate (where applicable)	1) _____			0.00000
	2) _____			0.00000
				<u>0.12760</u>
(ii) Less Discount on Basic Fire rate (where applicable)	1) _____	<input type="text" value="0.00"/>		0.00000
				<u>0.12760</u>
(iii) Add Loading on Basic Fire rate (where applicable)				
Spray Painting - Not applicable <input type="text" value=""/>		0.00		
- Others (pls specify) 1) _____		0.00		
2) _____		0.00		
		<u>0.00</u>		<u>0.00000</u>
				<u>0.12760</u>
(iv) Less FEA Discount				
(a) Internal Appliances				
<input checked="" type="checkbox"/> PFE	2.50			
<input checked="" type="checkbox"/> Hose Reels	5.00			
<input type="checkbox"/> Hydrants <input type="text" value="Independent"/>	0.00			
<input type="checkbox"/> Dry Riser	0.00			
<input type="checkbox"/> Wet Riser	0.00			
<input type="checkbox"/> Auto.Alarm	0.00			
<input type="checkbox"/> Gas Extinguishing	(please enter sum insured applicable):	\$0	0.00	
		<u>7.50</u> *	7.50	
(b) External Appliances				
<input type="checkbox"/> Mobile Power Pumps		0.00		
<input checked="" type="checkbox"/> Hydrants <input type="text" value="Ind/Auto"/>		12.50		
		12.50 **	12.50	
			(a)+(b) <u>20.00</u> ***	
(c) <input type="checkbox"/> Private Fire Team			0.00	
(d) <input type="checkbox"/> External Drenchers			0.00	
(e) <input checked="" type="checkbox"/> Auto.Sprinklers			12.50	
			(a) + (b) + (c) + (d) + (e) <u>32.50</u> ****	<u>0.04147</u>
				<u>0.08613</u>
(v) Less Discounts For Good Features				
<input checked="" type="checkbox"/> - New Building		5.00		
		<u>0.00</u>		
		5.00		<u>0.00431</u>
				<u>0.08182</u>
(vi) Add Loading				
- Age of Building <input type="text" value="Not Applicable"/>		0.00		
		<u>0.00</u>		<u>0.00000</u>
				<u>0.08182</u>
(vii) Less discount for :-				
<input checked="" type="checkbox"/> - Security		2.00		
Large Sum Insured (for MD only)		15.00		
		<u>17.00</u>		<u>0.01391</u>
(viii) Fire and Lightning only				<u>0.06791</u>
(ix) Add Rates For Special Perils permissible under Tariff.	Perils	Perils after		
<input checked="" type="checkbox"/> aircraft damage	Rate	Discount		
<input checked="" type="checkbox"/> earthquake & volcanic eruption	0.00500	0.00250		
<input checked="" type="checkbox"/> storm tempest	0.01000	0.00500		
<input checked="" type="checkbox"/> flood	0.01500	0.00750		
<input checked="" type="checkbox"/> explosion <input type="text" value="Industrial w/o boilers"/>	0.08600	0.04300		
<input checked="" type="checkbox"/> impact damage	0.00600	0.00300		
<input checked="" type="checkbox"/> BWP <input type="text" value="Others"/>	0.00400	0.00200		
<input checked="" type="checkbox"/> RSMD <input type="text" value="Others"/>	0.00500	0.00250		
<input type="checkbox"/> Bush/Lalang fire	0.01400	0.00700		
<input type="checkbox"/> subsidence/landslip	0.00000	0.00000		
<input type="checkbox"/> Damage by falling trees	0.00000	0.00000		
<input type="checkbox"/> Others : pls specify <a href="#">&lt; please specify here &gt;</a>	0.00000	0.00000		
	Total Perils rate =	0.14500	0.07250	
MDSI = <input type="text" value="\$14,500,000"/>				<u>0.07250</u>
(x) Fire and Special Perils				<u>0.14041</u>
(xi) Notes : Perils Layered Discount Formula				
Fire & Lightning Rate				0.06791
Less Discount on Perils:-				
MD SI	Discount %	Rate		
up to RM 15,000,000	50	0.073		
RM 15,000,001 to RM 50,000,000	82	0.000		
Total Discount		0.073		0.07250
				<u>Rate after discounts: 0.14041</u>
(xii) Notes for Item (iii) :-				
* Maximum cumulative discount for Internal Appliances is 15%				
** Maximum cumulative discount for External Appliances is 15%				
*** Maximum cumulative combined discount for Internal & External Appliances {(a) + (b)} is 25%				
**** Maximum cumulative discount for all Appliances {(a) + (b) + (c) + (d) + (e)} is 75 %				

APPENDIX 3

SELF-RATING COMPUTATION FOR RISKS WITH SUM INSURED (MD & CL COMBINED)  
BETWEEN RM10 MILLION TO RM50 MILLION

INSURED : Beras Perlis Sdn Bhd  
LOCATION : Perlis, Malaysia  
CLSFN : Polishing and repacking of rice

DATE : 01.03.13

	%		%				RATE (%)
(i) Basic fire rate Code <input type="text" value="3606"/> Cons.Class <input type="text" value="C2"/> <input type="checkbox"/> Loading							0.45800
a) Insert Rating Committee's rate (where applicable)					<input type="text" value="0"/>		0.00000
b) Insert Additional Rate (where applicable)							0.00000
							0.45800
(ii) Less Discount on Basic Fire rate (where applicable)						<input type="text" value="0.00"/>	0.00000
							0.45800
(iii) Add Loading on Basic Fire rate (where applicable)							
Spray Painting - Not applicable <input type="checkbox"/>						0.00	
- Others (pls specify)	1) _____					0.00	
	2) _____					0.00	
						0.00	0.00000
							0.45800
(iv) Less FEA Discount							
(a) Internal Appliances							
<input checked="" type="checkbox"/> PFE		2.50					
<input checked="" type="checkbox"/> Hose Reels		5.00					
<input type="checkbox"/> Hydrants	<input type="text" value="N/A"/>	0.00					
<input type="checkbox"/> Dry Riser		0.00					
<input type="checkbox"/> Wet Riser		0.00					
<input type="checkbox"/> Auto.Alarm		0.00					
<input type="checkbox"/> Gas Extinguishing		0.00					
<i>insured applicable:</i>	<i>(please enter sum \$)</i>	<i>0.00</i>					
		7.50 *					
(b) External Appliances							
<input type="checkbox"/> Mobile Power Pumps		0.00					
<input type="checkbox"/> Hydrants	<input type="text" value="N/A"/>	0.00					
		0.00 **					
						0.00	
						7.50 ***	
(c) <input type="checkbox"/> Private Fire Team						0.00	
(d) <input type="checkbox"/> External Drenchers						0.00	
(e) <input type="checkbox"/> Auto.Sprinklers						0.00	
						7.50 ****	
							0.03435
							0.42365
(v) Less Discounts For Good Features							
<input type="checkbox"/> - New Building		0.00					
		0.00					
		0.00					0.00000
							0.42365
(vi) Add Loading - Age of Building <input type="text" value="Beyond 20 years"/>						6.25	
						6.25	
							0.02648
							0.45013
(vii) Less discount for :-							
<input checked="" type="checkbox"/> - Security Large Sum Insured (for MD only)		2.00					
		15.00					
		17.00					0.07652
(viii) Fire and Lightning only							0.37361
(ix) Add Rates For Special Perils permissible under Tariff.							
<input type="checkbox"/> aircraft damage		0.00000				0.00000	
<input type="checkbox"/> earthquake & volcanic eruption		0.00000				0.00000	
<input type="checkbox"/> storm tempest		0.00000				0.00000	
<input type="checkbox"/> flood		0.00000				0.00000	
<input type="checkbox"/> explosion	<input type="text" value="Industrial w/o boilers"/>	0.00000				0.00000	
<input type="checkbox"/> impact damage		0.00000				0.00000	
<input type="checkbox"/> BWP	<input type="text" value="Others"/>	0.00000				0.00000	
<input type="checkbox"/> RSMD	<input type="text" value="Others"/>	0.00000				0.00000	
<input type="checkbox"/> Bush/Lalang fire		0.00000				0.00000	
<input type="checkbox"/> subsidence/landslip		0.00000				0.00000	
<input type="checkbox"/> Damage by falling trees		0.00000				0.00000	
<input type="checkbox"/> Others : pls specify	<i>&lt; please specify here &gt;</i>	0.00000				0.00000	
		Total Perils rate =				0.00000	
						0.00000	
MDSI = <input type="text" value="\$19,000,000"/>							0.00000
(x) Fire and Special Perils							0.37361
(xi) Notes : Perils Layered Discount Formula							
Fire & Lightning Rate							0.37361
Less Discount on Perils:-							
MD SI	Discount %	Rate					
up to RM 15,000,000	50	0.000					
RM 15,000,001 to RM 50,000,000	82	0.000					
Total Discount		0.000				0.00000	
		Rate after discounts:				0.37361	
(xii) Notes for Item (iii) :-							
* Maximum cumulative discount for Internal Appliances is 15%							
** Maximum cumulative discount for External Appliances is 15%							
*** Maximum cumulative combined discount for Internal & External Appliances {(a) + (b)} is 25%							
**** Maximum cumulative discount for all Appliances {(a) + (b) + (c) + (d) + (e)} is 75 %							



APPENDIX 4

**RATING STRUCTURE FOR CONSEQUENTIAL LOSS INSURANCE**

<b>Total material damage premium</b>		_____	(a)
* ignoring escalation, stock declaration, reinstatement value day one basis and discount for voluntary deductible			
Total material damage sum insured		_____	(b)
Average base rate for con. loss = a / b x 100%		_____	(c)
Indemnity Period	months	_____	
<b>Extensions</b>			
Supplier's extensions	dependency		
Supplier 1	0.15%	_____ x 100%	_____
Supplier 2	0.15%	_____ x 50%	_____
Supplier 3	0.15%	_____ x 25%	_____
Supplier 4	0.15%	_____ x 10%	_____
Supplier 5	0.15%	_____ x 10%	_____
Unspecified supplier	0.75%	_____ x 100%	_____
Total supplier extension rate			_____ (d)
Customer's extensions	dependency		
Customer 1	0.15%	_____ x 100%	_____
Customer 2	0.15%	_____ x 50%	_____
Customer 3	0.15%	_____ x 25%	_____
Customer 4	0.15%	_____ x 10%	_____
Customer 5	0.15%	_____ x 10%	_____
Total customer extension rate			_____ (e)
Prevention of access		0.0140%	
Public utilities - 0.02%/0.03%/0.035%		_____	
Infectious disease		0.0100%	
Total			
If IP>12 months, x 12/IP, else x 1			_____ (f)
Total Con. Loss rate = c + d+ e + f			_____ (g)
Gross Profit		_____	(h)
Multiplier		_____	(i)
Con. Loss Premium = g x h x i			_____ (j)
Upward adjustment percentage		_____	(k)
Upward adjustment premium =	g x h x i x k x 75%	_____	(l)
Total Con. Loss premium = j + l			_____ (m)
<b>N.B.</b>			
1. The example shown assumes fire and full perils cover. Please make necessary adjustments if only fire & lightning cover is required.			
2. The example shows calculations for gross profits. The same formula applies for other items e.g. wages, gross revenue, etc.			