

SECTION 1**GENERAL RULES FOR THE REGULATION OF
FIRE INSURANCE BUSINESS IN MALAYSIA****1.0 APPLICATION OF TARIFF**

This Tariff applies to all insurances covering Fire with or without other perils whether issued in the Fire or Miscellaneous department other than Engineering or Cargo insurance except to the extent otherwise provided in these rules.

The general rules apply to all sections of this tariff. Where these general rules are not consistent with the specific rules in other sections of the tariff, the specific rules will prevail. Likewise, members should refer to the specific rules in the relevant sections of the tariff for the use of the specific clauses/endorsements/warranties, where applicable.

1.1 POLICIES

The use of the Policy conditions set out in Section 6 is obligatory and may not be varied except as permitted by any other rule or regulation.

1.2 DATE OF OPERATION OF TARIFF

In the absence of any special provision to the contrary all Tariff rates, rules and regulations come into force on the date specified in the official notice, but not before that date, and are to be applied to all new insurances after that date and to all existing insurances on next renewal but not before.

They are deemed to be in force and binding until the date on which their repeal or alteration has been officially announced.

1.3 NOTICE TO OFFICIALS, ETC.

Every Company is bound, on receipt of an official notice of any Tariff measure having been adopted, immediately to give such instructions to its officials and other representatives and shall ensure the application by them of such Tariff measure at and after, but not before, the date at which it comes into operation.

1.4 COMPANY RESPONSIBILITY

Every Company is responsible for any act relating to Tariff measures of every official, agent or other person authorised to represent it, and any infringement by any such person of a Tariff rate, rule or regulation constitutes a violation by that Company of its Tariff obligations.

In the event of any Company infringing a Tariff rate, rule or regulation, it must, upon such infringement being discovered at once inform the insured of the mistake and indicate what the correct rate and provisions are and that the policy cannot be completed, or if the Company is legally committed to the issue of the policy, it should give immediate notice under the current policy and make the corrections from the earliest possible date.

1.5 REINSURANCE/COINSURANCE

No company being a member of the Association shall accept facultative reinsurance/coinsurance from a company which is not a member of the Association on a risk situated in the area to which the tariff applies unless such company has insured the risk subject to all the rates and provisions of the said tariff.

As between companies pro rata premium may be charged for broken periods or for mid-term cancellation of reinsurance/coinsurance provided that annual rate has been charged on the original policy, but where short period rate has been charged, the reinsurer/coinsurer shall be paid proportionately.

1.6 COMMISSION/BROKERAGE/CO-INSURANCE COST

The maximum amount payable by way of commissions will be as follows:-

Commission to Agents and Brokers	:	15%
Contribution by co-insurers to expenses of the leader	:	2.5% on nett (after commission to agents/ brokers or discounts to Insured)

Where the client deals with the insurer directly without an agent or broker as intermediary, the insurer may allow a discount on the premium receivable not exceeding 15%.

1.7 INFORMATION TO BE SHOWN ON POLICY

Every policy schedule shall show the Tariff rate for basic Fire and Lightning and the total additional perils with rates applicable to selected items to be shown separately for ease of premium computation (or the special rate), trade code, premium charged and the class of construction adopted for determination of the premium rates.

1.8 INTERPRETATION OF TARIFF

Where any doubt exists as to the correct application of any Tariff rate, rule or regulation reference is to be made to the Association for a ruling.

1.9 NOTIFICATION OF LOSSES

Members shall advise the Association of any claim received for loss or damage by any of the perils covered by the Tariff, where the amount or estimated amount of the loss is RM50,000 or over, within fourteen (14) days of notification of the claim. Particulars of such claims shall be circulated to all Members in order that other insurers interested in the risk may get in touch with each other for their mutual protection.

Where a risk is coinsured, the leading insurer shall advise such claim to the Association.

1.10 SUBMISSION OF FIRE STATISTICS

Statistics in respect of insurances governed by this tariff must be submitted to the Association or its authorised representative(s) in the prescribed forms and manner as specified in Section 15 of this Tariff.

Insurers should report data on all Fire Department business (including Industrial All Risks) on a monthly basis to the Secretariat in the prescribed forms. Such data may be supplied through computer diskettes or tapes using layout and language compatible with the computer used by the Secretariat.

1.11 FORWARD CONTRACTS

It is not permissible:-

- 1.11.1 to grant or agree to grant any new insurance to commence at any future date except on the express condition that such insurance shall be subject to the Tariff rates, rules and regulations as may be applicable thereto at the time when such insurance comes into force.
- 1.11.2 in respect of any existing insurance, to renew or agree to renew, or to extend or agree to extend the term of a policy or to issue a new policy in substitution therefor for any future date except on the express condition that such insurance shall be subject to the Tariff rates, rules and regulations as may be applicable thereto at the date of renewal of existing insurance.

1.12 FLOATING POLICIES

Floating insurance covering material damage of property situated at more than one location under a single sum insured is strictly prohibited but it is permissible to issue a floating cover under the following conditions:-

1.12.1 Specified Locations

To insure stocks at more than one location under a single sum insured provided :-

- a) The insured stocks must be specified as a separate item in the policy schedule.
- b) All the locations concerned must be specifically described in the policy.
- c) The sum insured declared in the policy schedule shall represent the full value of the insured stocks at all the locations concerned.
- d) The rate to be applied shall be the highest among the rates applicable to the various locations concerned.

1.12.2 Unspecified Locations

To insure stocks at more than one location under a single sum insured without specifically describing the locations concerned provided :-

- a) Limit of RM500,000 sum insured per location anywhere in Malaysia with a minimum of ten (10) locations;
- b) The total sum insured, representing the full value of the insured stocks at all the locations concerned, must be greater than RM500,000;
- c) Insured stocks must be specified as a separate item in the policy schedule; and
- d) A 25% loading on the highest rate applicable on the policy is charged on the specified item.

1.12.3 Unspecified Locations - exemption from Rule 1.12.2

An exemption from Rule 1.12.2 may be granted if all the following conditions are met :-

- a) the sum insured per unit of stock does not exceed RM5,000.
- b) there is a minimum of 1,000 locations (at inception of policy).
- c) occupation of all the various locations are known to be homogeneous.
- d) monthly declarations of the sum insured must be made by the Insured.
- e) sum insured must be on full value of the insured stock from inception of policy and not the hire purchase or loan values of the properties.
- f) a master policy must be issued and the insured must have insurable interest in the insured stock concerned.

An application is to be submitted by the member company concerned to the Association for risk which qualify to be exempted from Rule 1.12.2 of the Tariff. The Association would determine the rating applicable to the risk being applied for by the member company concerned.

The use of Clause 36 in Section 8 as appropriate is obligatory.

1.13 BASIS OF INSURANCE

Except otherwise as provided for in Rules 1.16, 1.17 and 1.18, the sum insured must represent the full value of the property insured.

The full value of the property insured shall be on market value basis unless otherwise as provided for in Rules 1.22, 1.23, 1.24, 1.25 and 1.26 respectively.

1.14 BASIS OF SETTLEMENT

It is not permissible to insert in a policy a provision for loss settlement :-

1.14.1 in which the value of the insured interest is admitted except as provided for in Rules 1.13, 1.16, 1.17 and 1.18 respectively; or

1.14.2 whereby settlement of the loss is to be made on any other basis than the actual market value at the time of the loss or damage except as provided for in Rules 1.22, 1.23, 1.24, 1.25 and 1.26.

1.15 SPECIAL PERILS

It is not permissible to cover in one policy fire and other perils except:-

1.15.1 when the Special Perils are limited to those included in Section 5 and subject to the rates and conditions thereof.

1.15.2 insurances issued in strict conformity with the Houseowners and Householders Insurance Tariff (Section 12).

1.15.3 Industrial All Risks Insurance in accordance with Section 13.

1.16 CONTRACT PRICE

An insurance on the basis of Contract Price may only be granted in the case of goods sold but not delivered subject to the provisions of Clause 7 in Section 8.

1.17 AGREED VALUE INSURANCE

An insurance on agreed value may only be granted for art objects/paintings, antiques and such like items subject to the provisions of Clause 33 in Section 8.

1.18 SELF INSURANCE

Self insurance may be granted whereby the insured shall be his own insurer for a pre-agreed percentage (%) of the full value of the insured property subject to the provisions of Clause 39 in Section 8.

1.19 EXCLUSION OF PORTIONS OF BUILDINGS

When a building is insured the whole of the building must be insured but it is permissible to:-

- 1.19.1 exclude the part below the level of its lowest floor including those parts of concrete foundations for machinery which extend above such level.

The use of Clause 8 in Section 8 is obligatory.

- 1.19.2 when the insured's entire interest consists of a portion only of a building, to insure such portion only.

1.20 TERM OF INSURANCE

Except as provided for under Section 11 (Buildings in course of construction) it is not permissible to grant any insurance on property for a period longer than twelve months except where in order to secure concurrency with:-

- 1.20.1 the expiry of other policies effected by the same insured,
or

- 1.20.2 the insured's financial year,
or

- 1.20.3 the terms of charge (mortgage) deeds, leases or tenancy agreements.

It is not, however, permissible to grant any insurance for a period exceeding 24 months from the inception date of the policy and provided also that the premium charged is to be paid in advance by applying the full multiple of the annual rate. No discount in premium shall be allowed for entering into any long term agreement for insurance.

1.21 RENT

An insurance on rent may be granted to:-

- 1.21.1 the landlord (owner non-occupier) :
- subject to the number of months insured and the amount of the rent being received for the period insured to be shown in the policy schedule,

- 1.21.2 the landlord (owner-occupier) :
- subject to the amount of reasonable expenses to be incurred for renting an alternative premise elsewhere being shown in the policy schedule.

- 1.21.3 the tenant (tenant-occupier) :
- subject to the number of months insured and the amount of reasonable expenses to be incurred for renting an alternative premise elsewhere being shown in the policy schedule.

The insertion of Clause 9 in Section 8 into the policy is obligatory.

1.22 REINSTATEMENT

It is permissible to issue a policy covering the Reinstatement Value of buildings and/or contents (other than stock-in-trade and/or merchandise) subject to the provisions of Clause 16 in Section 8.

1.23 REINSTATEMENT - DAY ONE BASIS

It is permissible to issue a policy covering the Reinstatement Value of buildings and/or contents (other than stock-in-trade and/or merchandise) subject to the provisions of Clause 17 in Section 8.

1.24 REINSTATEMENT TO REQUIREMENTS OF PUBLIC AUTHORITIES

It is permissible to extend a policy to cover the additional cost of reinstatement necessarily incurred in compliance with the requirements of the Public Authorities subject to the provisions of Clause 18 in Section 8.

1.25 DECLARATION POLICIES

It is permissible to issue a Declaration Policy on stock-in-trade where the sum insured on such stock-in-trade is not less than RM500,000 per location subject to the following general principles:-

- 1.25.1 where two or more policies or a policy containing more than one item with separate sums insured on a declaration basis are in force the provisions governing the issue of Declaration Policies apply separately to each policy or item.
- 1.25.2 the sum insured is the Company's maximum liability and must be stated in the policy.
- 1.25.3 a provisional premium calculated on 100% of the sum insured shall be paid in advance and after adjustment in accordance with the provisions applicable the Company shall retain a minimum of 50% of the provisional premium.
- 1.25.4 where there is an increase or reduction in the sums insured prior to the expiry of the insurance subject to a minimum sum insured of RM500,000 per location whether effected by the issue of an endorsement or of a new policy, the minimum premium shall be calculated on a pro-rata basis in respect of each sum insured for the period to which that sum insured relates.

- 1.25.5 the value at risk shall be declared on one of the following bases to be agreed before hand with the insured and specified in the policy:-
- 1.25.5.1 the average of the values at risk on each day of the month.
 - 1.25.5.2 the highest value at risk during the month.
 - 1.25.5.3 the value at risk on a specified day of the month/period.
 - 1.25.5.4 any other basis specifically agreed by the Association on the merits of each case.
- 1.25.6 no Declaration Policy may be issued for any period less than 12 months unless subject to the provisions of Rule 1.34.
- 1.25.7 the use of the Special Conditions for Declaration Policies of Clause 19 in Section 8 is obligatory.

1.26 BUILDINGS IN COURSE OF CONSTRUCTION

Insurances on buildings in course of construction shall be effected in accordance with the rates and provisions of Sections 4 and 11.

1.27 WARRANTIES

The appropriate wordings set out in Sections 7 and 9 respectively must be inserted in the policy in all cases (except in relation to those underwriting warranties which are non-mandatory) where :-

- 1.27.1 the rate for a risk is, under the Schedule of Rates and Occupation Classes (Section 4), subject to one or more warranties.
- 1.27.2 an allowance or reduced rate is granted for Automatic Sprinklers, Drenchers or other Fire Extinguishing Appliances, all as provided for in Section 9 the policy must state the nature of the appliances installed.

Where owing to partial occupation the responsibility of the insured extends to only part of the risk and he is in consequence unable to give complete warranties, he must nevertheless give the required warranties in respect of the part in his occupation and to the full extent of his responsibility.

Except as provided in the preceding paragraph it is not permissible to alter or qualify, either by letter, endorsement or otherwise, any warranty required to be inserted in the policy.

1.28 STAMP DUTY

Any stamp duty payable must be charged to and paid for by the insured.

1.29 TARIFF RATES/EXCESS AMOUNTS/DEDUCTIBLES

The Tariff rates, except where specifically stated to the contrary are annual rates and apply to buildings, contents and rent in respect of all risks rateable under this Tariff wherever the insurance is effected.

The Tariff rates or any excess amount/deductibles applicable on the policy are the minimum to be charged or imposed on any risk.

No discounts or allowances in any other form whatsoever are permitted except such as are authorized by the Association.

1.30 HIGHEST RATE APPLICABLE

Where two or more ratings are applicable to any one risk or where two or more risks are covered in one sum insured, the rate to be charged shall be the highest rate applicable to any of the risks.

1.31 COMMUNICATING BUILDINGS

Where two or more buildings or parts of buildings are not separated by a fire break wall or floor they are to be rated as one risk. For the purpose of this Rule, a Fire Break Wall is as defined in Section 2.

N.B. Buildings connected by open-sided covered ways with roof and supporting structures of non-combustible materials exceeding 4.5 metres (15 feet) in length and not more than 3.0 metres (10 feet) in width need not be considered as communicating solely on account of such connections provided they are used solely as means of communication and no other purpose than for traffic to and fro and no goods or articles of any kind are stored or deposited thereunder or within 4.5 metres (15 feet) thereof.

Exceptions to the above is permissible under the following:-

1.31.1 In the case of retail premises in shops and/or in shopping complexes where the separation between one shop or shoplot and the next may not meet the definition of a fire break wall and the Class 1A construction and where different sections of a dual or multiple occupancy risk fall to be rated under two or more items of the tariff trade classifications, the rate for individual retail trade/occupancy will be the respective tariff rates.

1.31.2 In the case of dwelling and/or offices in dual or multiple occupancy risks within shops or shopping complexes where the separation between one shop or shoplot and the next may not meet the definition of a

fire break wall and Class 1A construction and where there are dual or multiple occupancies involved, such dwellings and/or offices shall be rated on the respective tariff rate for dwellings and/or offices plus a premium loading of 25%.

1.32 ADDITIONAL RATES

The additional rates laid down in the tariff are to be charged and, except where stated to the contrary, are cumulative.

1.33 EDUCATIONAL ESTABLISHMENTS

Buildings in which trade processes are carried out as part of an educational curriculum only are not for this reason rateable as trade risks.

1.34 SHORT PERIOD INSURANCE

1.34.1 The premium for:-

1.34.1.1 an insurance effected or renewed for a period of less than one year,

1.34.1.2 increases in the sum insured on a policy issued for a period of less than one year,

1.34.1.3 increases in the sum insured under an annual policy for a period less than the unexpired period of that policy except as provided for in Rule 1.38, is to be calculated on the following scale:

Period Not exceeding:

15 days	10% of Annual Rate
1 month	20% - do -
2 months	30% - do -
3 months	40% - do -
4 months	50% - do -
5 months	60% - do -
6 months	70% - do -
7 months	75% - do -
8 months	80% - do -
9 months	85% - do -
10 months	90% - do -
11 months	95% - do -
12 months	100% - do -

The minimum rate chargeable after application of the above Scale should not be less than 0.05% and the minimum premium payable under the policy.

1.34.2 When in order to secure concurrency with:-

1.34.2.1 the expiry of other policies effected by the same insured,

1.34.2.2 the insured's financial year,
or

1.34.2.3 the terms of charge (mortgage) deeds, leases or tenancy agreements,

it is necessary that an insurance shall become renewable at a particular date it is permissible:-

(a) to grant an insurance for an initial period of less than 12 months at a pro rata proportion of the annual premium provided that a written undertaking be given by the insured or his authorized agent that the insurance will, on the expiry of the short period, be renewed for not less than the next immediately ensuing 12 calendar months.

(b) to extend the terms of a policy which has been in force for not less than 12 months for a portion of a year at a pro rata proportion of the annual premium.

Note: Godowns and wholesale warehouses - where annual policies on stocks in private or public godowns and wholesale warehouses only are in force for a total amount of not less than RM50,000, cover for amounts in excess of that figure may be issued for a period of less than one year at pro rata rates but at not less than 0.01% per annum and the minimum premium payable under the policy.

1.35 MINIMUM PREMIUM

The minimum premium under any Policy, cover note or any other form of acknowledgement of cover after deduction of any allowance or discount permitted by the Tariff other than discount for a commission or brokerage shall not be less than RM75.00 or as provided in the Houseowners and Householders Insurance Tariff (Section 12).

1.36 SPECIAL RATES

An application for special rating shall be made in the circumstances and in the manner set out in Section 10.

1.37 TRANSFER OF MOVEABLE PROPERTY AND CHANGE OF RISK

- 1.37.1 An insurance on moveable property may be transferred temporarily or otherwise from one risk to another subject to such adjustment of premium as may be involved in any change of rates as a result of the transfer.
- 1.37.2 Such changes shall be made effective by endorsement of the Policy and any adjustment of premiums shall be calculated pro rate on the basis of the policy, i.e if the policy has been issued on the Short Period Scale the adjustments must be made on the same scale, and applied to the full unexpired period of the policy.

1.38 STOCK-IN-TRADE AND MERCHANDISE

- 1.38.1 Variations in the sums insured on stock-in-trade and/or merchandise are permissible and an adjustment in premium may be made on a pro-rata basis provided the insurance is an annual one. Such variations shall not be retrospective and shall be made effective by endorsement. Subject to the foregoing it is not permissible to grant annual insurances for amounts varying periodically and instead of calculating the short period premiums on the several amounts insured for each period to charge the annual rate on the average amount insured during the year.
- 1.38.2 Floating policies on Stock-in-Trade and/or merchandise in unspecified risks are subject to Rule 1.12.

1.39 CANCELLATION

An insurance may be cancelled in whole or in part before the date of expiry at the option of:-

- 1.39.1 the Company upon giving fourteen (14) days notice by registered letter to the insured at his last known address when a pro rata return of premium may be allowed in respect of the unexpired period.
- 1.39.2 the insured when a return of premium may be allowed after charging for the period the insurance has been in force not less than the amount required under the Short Period Scale except that where the policy is replaced by a new policy issued by the same Company and covering the identical interest, pro rata return may be allowed except in respect of any reduction in the sum insured under the original policy which amount shall be subject to a return of premium based on the Short Period Scale.

- 1.39.3 a pro rata premium return may be allowed if a policy is cancelled because the property insured has been sold or if there is no longer an insurable interest on the said property.

No return of premium under this Rule shall be allowed which would reduce the actual premium charged to be less than the minimum premium payable in accordance with Rule 1.35 or as provided in the Houseowners and Householders Tariff (Section 12).

1.40 RETURN OF PREMIUM

Except as provided in Rules 1.37, 1.38 and 1.39, no portion of the premium paid for insurance for any period not exceeding one year shall under any circumstances be returned or allowed or in any way refunded in respect of any portion of the term for which such insurance has been effected.

1.41 INSTALMENT PREMIUMS

The acceptance of premiums on policies by instalments is not permitted. The use of the Premium Warranty 26 in Section 7 is mandatory.

1.42 MALAYSIAN CURRENCY

All monetary amounts in policies are to be expressed in Malaysian Ringgit.

1.43 PACKAGE OR COMBINED POLICIES

Package or Combined Policies other than those referred to in Regulation 1.47 may be issued (for which Standard Wordings are not obligatory) to cover various classes of insurance, including that to which this Tariff applies, provided that the Rates and the Rules and Regulations of the tariff are maintained.

An appropriate premium is to be charged accordingly for the non-fire section under such Package or Combined Policies.

1.44 REFER TO ASSOCIATION

Where the Tariff provides for "Refer to Association" on any risk, the member must submit full details including all supporting documents, statistics and past experience on the particular risks to the Association for rating.

1.45 NON-TARIFF WARRANTIES, CLAUSES AND ENDORSEMENTS

It is permissible to incorporate into the fire policy any of the approved warranties, clauses and endorsements as provided for in this Tariff where applicable and subject to the appropriate additional premium as the case may be.

Warranties, clauses and endorsements not provided herein is strictly prohibited. Members may submit any warranty, clause or endorsement to the Association for consideration and approval for specific use. The Association may also consider to incorporate such clause or endorsement into the Tariff if found suitable for the market use.

1.46 FIRE CONSEQUENTIAL LOSS POLICIES

It is not permissible to issue any fire consequential loss policy except in accordance with the rate terms and conditions as set out in Section 3.

1.47 ALL RISKS POLICIES

It is not permissible to cover material property against the risks of fire and the special perils to which this tariff relates except on the forms laid down herein other than for the following :-

- (i) Industrial All Risks policies in accordance with Section 13 of the Revised Fire Tariff.
- (ii) All Risks insurances on office equipment, computer and electronic equipment, personal effects, jewellery, money, art of works and renovation works and/or office partition not forming part of a building.
- (iii) All Risks insurances on equipment, plant or machinery used in industrial or business premises and domestic/household appliances and equipment.
- (iv) Other forms of policies specifically approved by the Association.

The minimum rates after commission to be applied, less where applicable, 15% commission for the above policies shall be as follows :-

- i) at least the minimum fire and lightning rate (either tariff or special rate, whichever applicable) to be charged according to the occupation and construction classification of the risk; **and**
- ii) at least a flat rate of 0.250% to be charged for all other covers not excluded under the All Risks Policies.
- iii) in the event the rating above is not agreeable by the insured, the insured may opt to insure under named perils basis and the rate would be charged according to the selected perils to be insured only.

Where the location is unspecified, the highest rating should be applied. Members are required to indicate the gross fire tariff rates or net tariff (special) rates as appropriate on the policy schedule for inspection purposes.

Buildings and stocks cannot be covered under All Risks Policies except in accordance with the regulations for the issue of Industrial All Risks policies in Section 13 in this Tariff.

The above rules shall not be applicable to :-

- 1.47.1 All Risks insurances on equipment, plant or machinery used on site for quarrying, mining, construction, logging or agriculture.
- 1.47.2 All Risks insurances on contract works or machinery under erection.
- 1.47.3 Marine insurances on property in transit.
- 1.47.4 Engineering insurances (excluding Electronic Equipment Insurance)
- 1.47.5 Civil Engineering Completed Risks for roads, runways, bridges, tunnels, weirs, dams of all kinds, canal systems, harbours, dry docks, overhead lines, transmission masts, pipelines, irrigation systems, water reservoirs, sewer systems, storage tanks and the contents thereof.
- 1.47.6 Other forms of policies specifically approved by the Association.

1.48 GENERAL ADDITIONAL RATES FOR SPECIAL FEATURES

- 1.48.1 Electrical Plant and Installations

- Refer to Section 5.

- 1.48.2 Liquefied Petroleum Gases (LPG):

The rates prescribed herein for the following classes of risk are subject to the application of Warranty 22 in Section 7 where LPG is stored or used in the building. The warranty may, however, be omitted on payment of a surcharge of 10% of the basic rate.

- Class of risk :-
- (i) Industrial Risks
 - (ii) Non- Industrial risks where more than 110 lbs of gas are kept.
 - (iii) Retail risks (other than (ii) above) where more than 15 lbs of gas are kept.

Note: The foregoing provision relates only to incidental storage of LPG. The basic rate will depend on the Hazardous Goods Warranty which may be applicable as a result of the storage.

1.48.3 Special Perils

Refer to Rule 1.15.

1.48.4 Spray Painting

Where a separate rate is not already indicated in Section 4 but an indication is given in Section 4 of the need for Spray Painting additional premium, the following rule will apply:-

Where part of any premises is used for spray painting and there is no specific provision in the tariff relating to it, the rate must be increased as follows:-

Subject to Spray Painting Warranty 24A
- 15% loading on the base rate

Subject Spray Painting Warranty 24B
- 35% loading on the base rate

The provisions of this rule are not applicable as follows :-

- i) where the spray painting involves the use of emulsion and/or water-based paints only.
- ii) motor repair workshops garages and service stations (without spray painting) and motor repair workshops garages and service stations (with spray painting) under risk codes 2804 and 2806 respectively as the rates for these two risks have already taken the spray painting factor into account. Warranty 24A would also not be applicable on these two risks.

1.48.5 Powder Spraying

Where part of any premises is used for powder spraying and there is no specific provision in the tariff relating to it, the rate must be increased as follows:-

Subject to Powder Spraying Warranty 25A
- 10% loading on the base rate

Subject Powder Spraying Warranty 25B
- 20% loading on the base rate

Note : If two processes are involved (i.e. spray painting and powder spraying), the higher of the loading is to be imposed.

1.49 GENERAL DISCOUNTS FOR SPECIAL FEATURES

In no circumstances may any of the rates prescribed herein be reduced, either on account of the insured being willing to bear a franchise or for any other reason, except in respect of:-

1.49.1 Discounts as provided in Section 9

1.49.2 Deductibles as set out in Tables 1 and 2 (Discounts for Voluntary Deductibles) and applicable for sums insured up to RM50 million.

The application of deductibles shall be made in accordance with the Rules for the Application of Voluntary Deductibles as set out in Appendix 1.

1.50 INSURANCE OF GROWING TREES

This Tariff is applicable to the insurance of growing trees as specified in Section 14.

It is obligatory for insurers to use the standard policy wordings as specified in Section 14.

The sections relating to the rating aspect and the special rates so determined by the Rating Committee are advisory in nature only.

1.51 INSURANCE OF TIN DREDGES

This Tariff does not apply to the insurances of tin dredges.

Appendix 1

RULES FOR THE APPLICATION OF VOLUNTARY DEDUCTIBLES

- 1) The application of deductibles is confined to the **material damage section only**. Discount for deductible is not applicable to the accompanying consequential loss insurance, if any.
- 2) Discounts for deductibles is to apply to premium net of all other discounts.
- 3) The deductible is applicable to each loss and does not distinguish between fire and allied perils loss.
- 4) The deductible is to be applied in addition to all other tariff and compulsory deductibles.
- 5) Computation of premium in the policy must reflect the deductible discount.
- 6) Upon the application of deductible, it shall be warranted that the insured shall bear the deductible amount. It is not permitted to insure the deductible.
- 7) a) In the event of coinsurance on one property and the Deductibles and Excess Clause is applied on the policy, the application of deductible shall be based on the aggregate sum insured value.
 b) In the event of several policies being issued to cover distinctly and physically separate properties, for example, stock item with Insurer A and building item with Insurer B, the application of deductible shall be based on the policy sum insured value.

In the event of a claim, the deductible will apply separately for each of the policy that has been issued by the various insurers.
- 8) In the event of collective policies, the application of deductible shall be the same as No. 7(a).
- 9) a) Discount for deductible shall be allowed as follows :-
 - (i) where the sum insured in respect of material damage is equal or exceed RM10 million per location for low hazard risks (applicable for Risk Codes 10, 11 and 12 under Section 4 of the RFT);
 - (ii) where the sum insured in respect of material damage is equal or exceed RM5 million per location for all other risks under Section 4 of the RFT

For (i) and (ii) above, only one deductible level is permitted for properties within one location. The minimum deductible is RM10,000.
- b) Where the sums insured fall between any two sums insured as indicated in Tables 1 and 2, the higher of the discount is to be applied. For example (per Table 2), if the sum insured is RM12 million, the discount to be applied is 6.14% for a deductible of RM10,000.

- 10)a) Where a policy covers properties situated at different locations, the test for eligibility for discount for carrying a deductible should be applied separately for each location.
- b) Where a floater stock insurance is granted covering several locations, the total stock sum insured should be added to the building, plant and machinery sum insured to determine the percentage discount entitlement on the BPM insurances. The discount for deductible on the stock insurance will be that corresponding to the highest BPM location.

The total stock sum insured under the floater stock insurance must not be applied again to other locations when the discount for deductibles is considered for other locations.

- 11) The discount for deductibles in Tables 1 & 2 of the Fire Tariff is applicable for risks with material damage sums insured up to RM50 million. Where the material damage sums insured exceed RM50 million, an application for alternative rate per rule 5.3 under Section 10 is to be submitted to the Rating Committee.

TABLE 2
Discounts for Voluntary Deductible
(Applicable for other than risk codes 10, 11 and 12 under Section 4 of the RFT)