

23rd March, 2005

GUIDELINES FOR MARINE HULL INSURANCE AND INSURANCE OF WAR RISK INSURANCE OF MARINE HULLS

Following the decision of the Tariff Advisory Committee to de-tariff Marine Hull Insurance from 1st April, 2005 and the communication dated 24.12.2004 from the Ministry of Finance, the Insurance Regulatory and Development Authority under the powers granted under Section 14 (2)(i) of the IRDA Act, 1999, issues the following guidelines for the conduct of Marine Hull business and the underwriting of insurance of war risk insurance for marine hulls in the country.

1. All general insurers who wish to write marine hull class of business which will go out of the tariff from 1.4.2005 as per TAC's circular no. M-Hull/ Cir-2/ 2005 dated 14th March, 2005 shall follow the existing policy wordings, terms and conditions including clauses such as the Institute clauses till further orders. On the other hand the terms & conditions for the war risk insurance policy shall be identical to the existing Government of India Scheme until further orders.
2. All such insurers shall follow the procedures as contained in IRDA Circular No. IRDA/ Gen./ Fup/ Feb. 2001 dated 26th February, 2001 for filing of products.
3. While filing the products the general insurers shall indicate the net minimum premium rate for each class of business which the company will offer which has all possible good features built into it and under no circumstances write the business below such rate.
4. Those insurance companies wanting to write marine hull class of business and the war risk insurance for marine hulls shall file separately with the IRDA the reinsurance arrangements for protecting the net account exposures. They shall ensure that the proposed arrangements terminate on 31st March, 2006.
5. The insurers shall file separately monthly business figures for Marine Hull including war risk insurance as being done under the Marine Hull class of business.
6. The limits of cession for obligatory cessions, and commission from National Reinsurer for obligatory cessions for marine hull business and for war risk insurance for marine hulls shall be as per IRDA circular no. IRDA/ CIR/ RI/ 077/ Feb-05 dated 23rd February, 2005.
7. The maximum allowable remuneration to brokers/ agents applicable to this class of business is enumerated in IRDA circular no. IRDA/ CIR/ TAC/ 085/ MAR-05 dated 18th March, 2005.

Insurers are requested to acknowledge receipt and strictly conform to the above mentioned guidelines.



Mathew Verghese
Member (Non-Life)