



भारतीय बीमा विनियामक और विकास प्राधिकरण
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA

Title:All General Insurance Company

Reference No.:IRDA/Cir./012/2003

Date:23/05/2003

Coverage for Fire Insurance on First Loss basis under Householders Package Policies

Various General Insurance Companies had requested for allowing them to introduce First Loss cover particularly in the Householders~ policies sold by them. The matter was also taken up in the General Insurance Council by the Insurers. The Council in their meeting decided to refer the matter to Tariff Advisory Committee as Fire Insurance part is under Tariff. The TAC after examining the matter have recommended that the insurers can include Householders~ policies on first loss basis covering fire insurance of building and contents under Householders Package Policies. It has been agreed in consultation with Tariff Advisory Committee that insurers can now go ahead with the introduction of such insurance policies.

Householders Package Policies issued on First loss basis shall include besides item no. 1 at least combination of one or more sections as mentioned or the insurers can add other sections before filing the product with the Authority:

1. Fire Insurance of (a) building and (b) contents
2. Burglary, housebreaking, larceny and theft insurance
3. All risks insurance of jewellery and valuables
4. Accident insurance of fixed plate glasses
5. Breakdown insurance of domestic appliances
6. Breakdown insurance of TV, VCR, VCD, DVD etc.
7. Insurance of pedal cycle 8. Insurance of travel baggage
9. Personal Accident insurance
10. Public liability & W.C. Liability

While item no.1 under the above Package Policy continues to be under Tariff, the rest of the items fall in the non-tariff category. It is expected that the respective insurers at the time of filing such products shall charge a rate which is not less than 0.50 per mille on TSI for item no.1(a), and rates not less than the following in respect of item no.1 (b), namely contents:-

Please note that the maximum sum insured for contents item no.1 (b) can be pegged at maximum Rs.50 lacs, and will be subject to the condition of partial average wherein first loss insurance shall be restricted up to the percentage of full value cover as stated in column no.1 at the schedule above, accordingly the following condition may also form part of Schedule mentioned above, in respect of every product filed with IRDA.

"It is hereby declared and agreed that this policy is issued as the First Loss Insurance up to _____% of the contents of the insured~s household (100%) as limits in the schedule attached to and forming part of the policy.

It is further declared and agreed that in the event of the total value of contents at risk at the time of loss being greater than the total value declared for purpose of this insurance and incorporated in the schedule, the insured shall be

considered as being his own insurer, for the difference, and shall bear a rateable share of the loss accordingly."

The above policy w.e.f 1st June 2003.

(R.C.Sharma)
Member

Schedule

Selected percentage of full value cover	Charging percentage of full value premium
Up to 25%	50% of 0.50 per mille
Upto 50%	70% of 0.50 per mille
Upto 65%	85% of 0.50 per mille
Upto 75%	90% of 0.50 per mille
Beyond 75%	0.50 per mille