Global Underwriting
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ZURICH

Zurich Underwriting Guideline

Chapter 2
Property

Contents

1. Scope

This Zurich Underwriting Guideline (ZUG) chapter applies to all Countries within Zurich Property and Casualty authorized to write Property business including Property Damage (PD) and Business Interruption (BI) products. Requirements related to Personal Lines business are addressed in ZUG Chapter 17.

This chapter sets forth the minimum Underwriting requirements and the context for the Property / Energy & Technical Risks Underwriting team to execute, allowing for consistent, predictable, profitable growth. It should be read in conjunction with the Zurich Underwriting Guideline (ZUG) Chapter 1 to have a comprehensive view of all mandatory requirements.

This chapter is divided into 2 main sections based on the nature of the business. Section A applies to Non-case underwritten business (excluding Personal Lines) and Section B applies to Case underwritten business, irrespective of which type of business or country or segment it is written or booked in.

Subject to prior Underwriting Skills Assessment and following the Empowerment and Authority Delegation Framework, Global Property Underwriting may empower Countries to deviate from specified sections hereunder.

2. Line of Business definition

Property & Business Interruption Insurance is defined as an insurance product covering Property Damage and consequential Business Interruption to a commercial or non-commercial entity.

It includes:

- Property Damage
- Business interruption
- Energy Risks:
  - Energy - Downstream
  - Energy - Heavy Chemical
  - Energy - Midstream
  - Energy - Mining
  - Energy - Power Gen
  - Energy - Upstream E&P
- Technical Risks
  - Technical Risks - Light Chemical & Pharma
  - Technical Risks - Molten metal
  - Technical Risks - Pulp and Paper

SECTION A – NON CASE

1. Scope

This Section applies to all Countries within Zurich P&C authorized to write non-case underwriting business in Property Damage (PD) and Business Interruption (BI) products excluding Personal Lines. Additional requirements or restrictions can be found in Chapter 17: Personal Lines..

1.1. Limits and Mandatory Restrictions

For the following products or coverages, authority to quote, bind or deviate will be provided on an exemption basis either to named expert underwriters or portfolios following ZUG Chapter 1, Section 2.2.3. Otherwise, Request for Empowerment on individual account are submitted via the Global Request for Empowerment Log.

Note: All monetary amounts for limits are in USD and are applicable for Zurich share net & treaty unless mentioned otherwise.

The exchange rates that apply at the point of acceptance when writing new business, or at annual renewal are: USD/EUR/CHF = 1-1-1, USD/EUR/CHF – GBP = 0.7.

Restrictions :

1. Overhead Transmission and Distribution lines. Note:
    a) T&D line coverage outside of our Insureds location up to a maximum distance of 5,000 feet/ 1,500 meters is not included within this Power Reserved
    b) Public utilities extensions and/or suppliers' extensions and/or contingent business interruption coverages are not subject to this Power Reserved,
2. Chemical manufacture and storage with a TSI greater than USD 10 million.
3. Historic and Heritage buildings including, but not limited to, Churches and other Religious related premises with a location TSI higher than USD 25 million.
4. Civil Engineering Completed Risks (CECR):
    a) where the exposure is greater than:
        (i) incidental sum relative to the traditional Property risk (incidental being less than 10% of the Total Sum Insured at a single location but not more than USD 5 million as a monetary sum irrespective of the %) and
        (ii) an integral part of the insured property. These lower parameters are deemed to fall within the standard Property underwriting authority
    b) where a CECR exposure is written by an expert underwriter above these incidental parameters, ZUG Engineering Lines and Construction Chapter are to be followed
    c) standalone or majority CECR exposed placements are only to be written within Engineering Lines business.
5. Rolling Stock and/or railway structures (the incidental rule applicable for case does not apply to non-Case, as Rolling Stock and / or railway structure should be considered as case)
6. Buildings with a TSI of greater than 5 million with construction incorporating sandwich panel with combustible insulation materials (e.g. PIR, PUR, EPS) (please consult Global Composite Panel Property UW How to Document)
7. Contamination, Pollution and Seepage not based on an Insured Peril with an exposure greater than USD 1 million net to Zurich. This limit is applicable to insured property as well as soil and water on own or leased land
8. Crop Insurance
9. Parametric coverage
10. Cryptocurrency and crypto mining coverages
11. Cannabis operation coverage
12. Ports & Terminals coverage
13. Cyber: Provision of any (silent or affirmative) coverage other than for ensuing physical loss or damage by a peril insured to property insured (and any directly resultant time element/business interruption loss from such physical damage losses) with a loss limit in excess of USD 50,000 in the annual aggregate.
14. Data: Loss of or damage to data or software which is not the direct consequence of insured physical damage by a peril insured to the property insured
15. Communicable disease (infectious disease) coverage
16. Dam Breakage (Switzerland and Lichtenstein): An explicit exclusion shall otherwise appear in the policy. Applicable for domestic Swiss business loss or damage to locations within the territory of Switzerland and the Principality of Liechtenstein for loss or damage following breakage and overflowing of Swiss manmade reservoirs or other water storage lakes.
17. Dam Breakage (Netherlands): Explicit exclusion for losses as a consequence of the breaking and /or overflowing of dykes, floodgates or dams, except ensuing fire and /or explosion, shall appear in the policy.

18. Upstream Exploration & Production

19. Energy Downstream, Midstream and Heavy Chemical business:

    - Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) greater or equal than USD 10 million on a 100% basis per account, plant or location.

20. Mining business:

    - Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) greater or equal than USD 25 million on a 100% basis per account, plant or location

OR

    - MB coverage is on a stand-alone basis, this exception only applies where the MB Total Sum Insured (Material Damages for MB part only + MB-BI) greater or equal than USD 10 million on a 100% basis per account, plant or location.

21. Energy Power Gen business:

    - Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) greater or equal than USD 25 million on a 100% basis per account, plant or location

OR

    - MB coverage is on a stand-alone basis and MB coverage (Material Damages for MB part only + MB-BI) greater or equal than USD 10 million on a 100% basis per account, plant or location.

      Onshore Alternative Energy business accounts fall within the above general limit and the following technical specifications apply as threshold for Power reserved:

    - Solar PV and Wind with power output > or = 25 MW; and

    - Battery Energy Storage Systems (BESS - NAICS 221118A) with capacity > or = 25 MW/h.

      The UW is requested to comply with the How to document Global CI Energy and Technical Risks segment.

22. Waste incineration / Waste to energy and Biomass / Wood Chips / Paper / Straw coverage – NAICS 221117A and 221117B, Solid Waste combustors and incinerators NAICS 562213

23. Waste Collection, Waste Treatment and Disposal, Remediation and Other Waste Management Services, Recyclable Material merchant, Sewage Treatment facilities:

    - Writing of new and renewal Waste collection NAICS 5621, Waste Treatment and Disposal NAICS 5622, Remediation and Other Waste Management Services NAICS 5629, Recyclable Material merchant business NAICS 423930A and NAICS 423930B, Sewage Treatment facilities NAICS 221320 greater than USD 5 Mio

24. Technical Risks: Writing of new and renewal Technical Risks business greater than USD 2.5 Mio – coding can be found in the Global Hazard Grade Property and ETR UW Supporting Document in Globuz 2.0

25. Explosives, munitions and fireworks (manufacturing and storage). Any hazardous materials, including but not limited to flammable, explosive, toxic, radioactive and bio-hazardous

26. Livestock, Bloodstock and/or Animal Insurance.

27. Local Governmental insurance schemes, pools or authorities relating to specific perils or group of perils

28. Natural or Man-made Catastrophe Exposures: Removal of the annual aggregate applicable to a natural catastrophe peril other than where a portfolio exemption has been granted

29. Non-Property perils, extensions and coverages normally covered under more specific Lines of Business/coverage unless an incidental exposure under a Property policy with a maximum exposure to Zurich of USD 50'000 net to Zurich unless shown with a lower limit elsewhere in this Chapter. For clarity, any coverages excluded in this Section are fully excluded and do not qualify as Non-Property perils, extension and coverages for the sake of this power reserved

30. Contingent Business Interruption / Contingent Time element and Public Utilities, Denial of Access, Loss of Attraction extension and coverages following Physical Damage under a Property policy with a maximum aggregate (per policy) exposure to Zurich of USD 50'000 net. Cover is only to be offered on a FLEXA basis or on an "Insured Peril" (All Risk) basis but excluding Natural Hazards and Terrorism.

31. Storm Surge (Sturmflut) in Germany. An explicit exclusion shall otherwise appear in the policy.

32. Supply Chain Insurance

33. Vehicles licensed to operate on public roads or watercraft and aircraft except whilst on the insured's premises

34. Covers for only natural hazards or extended coverage for political risks (e.g. SRCC, Terrorism). This includes also provision of excess or DIC/DIL coverage providing only natural hazards (except where underlying property coverage is provided by a monopoly insurer or state scheme).

35. Space and space related risks. This includes the launch site facilities themselves, satellites, spacecraft, launch vehicles and major components thereof from the beginning of transit to the launch site and after launch. Testing of satellites is also a power reserved

36. Amendment to or deletion of any of the following within a policy wording ~~for 'other business'~~:

    - Occurrence definition and a time component for natural catastrophe perils. The maximum duration of the time component is 72 hours for windstorm and earthquake and 168 hours for flood
    - The Insuring clause (or its equivalent) in so far as amendment or deletion of "Sudden and accidental physical loss, destruction or damage" is proposed. This power reserved is applicable to both Property Damage and Business Interruption
    - General Business Interruption Requirements: Business Interruption insurance shall include a material damage provision and is only underwritten if an equivalent material damage policy is in force. This applies to all business other than where the material damage policy has to be covered compulsorily with a public insurer. Business Interruption insurance can only be provided as a consequence of an insured material (physical) damage at the insured premise(s)/construction site(s) or at a third party location
    - Communicable Disease exclusion wording to be used – please consult Global Infectious Diseases and non-physical damage BI UW How to Document
    - Cyber coverage wording to be used– please consult Global Cyber Property UW How to Document
    - Claim preparation and bursary clauses in the wordings

37. Non-physical Damage Business Interruption coverages and extensions (including but not limited to Cyber coverage and Communicable disease coverage)

38. Terrorism coverage, unless mandatory in the local jurisdiction. When mandatory and underwritten outside a local pool or state scheme, Global risk and accumulation standards apply as per Chapter 1, paragraph 5. For the avoidance of doubt, mandatory coverage for certified acts in the USA (TRIA) are not deemed to be risks covered by a pool or state scheme and authority restrictions and capacity limitations apply.

39. Treaty exclusions are power reserved to Global Property – please find a list in Appendix 5

40. MYP: MYPs are contracts where we commit to a period of more than 12 months (with the exception of any odd period of not more than 6 months when there is a change in anniversary date) without having an annual review/cancellation provision. On certain product lines/business areas, it is customary to write a policy contract on a multi-year basis and reinsurance is available where required on that basis. Country CUO is authorized to approve up to 24 months.

1.2. Other requirements applicable to Non-case underwritten business

1.2.1. Limits and exposure calculation

Zurich determines the gross line setting and net retention calculation on the maximum limit of liability (e.g. TIV or TSI or loss limit when available) of the policy.

Please consult the Global UW Acceptable Exposure Appetite Document ZUG Appendix in Globuz 2.0 for Other Limits and appetite to be adhered to.

1.2.2. Nat Cat Perils

Occurrence Definition: as per section 6.1.1.6

Policy wordings shall always include an occurrence definition and a time specification for natural catastrophe perils as also included in our per risk and cat treaties. Global CI Property Underwriting view is to use either a continuous 72 hour or a continuous 168 hour definition (time specifications). The 72 hour definition is most common for windstorm and earthquake, whereas 168 hour is more common for flood. Totally removing the time specifications or using a period exceeding 168 hours is not permissible and is powers reserved by CI Global Property.

SECTION B - CASE

1. Scope

This Section–applies to all Countries within Zurich P&C authorized to write case underwriting business in Property Damage (PD) and Business Interruption (BI) products.

1.1. Background

When underwriting a risk, each Underwriter has four primary functions, these are:

1. Risk Selection: This is absolutely the most critical function an Underwriter performs; seniority within Zurich and levels of Authority in specialized industries especially, consider this above other functions. While all are important, this is the foundation. If an Underwriter gets pricing wrong, he or she can cost Zurich tens of thousands of dollars. If he or she gets deductibles and policy wording wrong, they can cost us hundreds of thousands of dollars; if they get risk selection wrong, especially repeatedly, they can cost us millions or tens of millions of dollars.
2. Establishing Appropriate Terms and Conditions for the Risk: Extent of covers provided, Deductibles, Sublimit, and policy language are critical for maintaining consistent and long-term profitability across a book of business. This guideline will go through many of the common / standard rules and wordings required. However, an Underwriter also needs to be aware that many industries have their own unique requirements; and indeed, every account has differing levels of sensitivity to policy wordings. There is no substitute for an Underwriters intimate knowledge of a specific account, the industry perils, and lessons learned. When in doubt, even the most senior Underwriters are encouraged to reach out to Subject Matter Experts (SME) within their own country, or via Zurich's main strength being our global network. It is an expressed aspirational goal of our team to build a culture of global connectivity, allowing such conversations to be second nature. (Resource vs request of empowerment requirement).
3. Establishing the Appropriate Price for the Risk: While this function is indeed critical, and to be taken seriously, it is too often the sole focus of many within our culture. This guideline and country specific guidelines may provide rules and restrictions; but Underwriters are encouraged to hone their skills primarily on functions 1 and 2 above; when difficult decisions are sometimes needed on this function (lower AP/MP), those discussions and decisions can be much easier when built on a solid foundation of risk quality and terms.
4. Data: Last but not least, data quality. Underwriters and Countries BUs are responsible for data quality and completeness in the underwriting and pricing systems, including but not limited to setting the accounts as bound. Without such data quality and right attention to details, the data has the material risk of representing a picture different from reality and wrongly informing portfolio planning, portfolio management, underwriting strategy and actions in a short and long term and inevitably impacting our performance.

2. Methodology for line setting and net retention calculation

Zurich determines gross line setting and net retention calculation on the total exposure of the analysed locations, irrespective of whether covered by one or several policies from a single or several insureds.

The exposure calculation includes all covered PD, BI (including Interdependency, CBI and extensions (for example, debris removal, extra expenses, and Claims Preparation fees) covered at the analysed location/site as well as known accumulations across several policies/programs.

Please consult the ZUG Glossary for the definition Gross Limits and Gross exposure.

For E&P, the line setting includes all covered PD, CoW, LOPI, TPL, and any additional coverage's, for example, Debris Removal, Sue and Labor etc., covered at the analyzed location/site as well as known accumulations across multiple policies and/or programs.

The exposure is defined per location (site/premise) as:

- The Trusted Estimated Maximum Loss (Trusted EML) or, if this is not available.

- The **Amount Subject** or, if this is not available.
- The **Total Sum Insured** (TSI) of any one site/premises or, if this is not available.
- The **TSI** or maximum **limit of liability** (loss limit) of the policy.

The **exposure definition** is used to describe the maximum amount of risk Zurich is willing to accept.

The maximum limit of liability (loss limit/policy limit) can also be used for the exposure calculation when it is lower than one of the measurements mentioned under the first three bullet points above.

When the site **TSI** exceeds USD 315 million based on Zurich Net and Treaty, a second qualified Zurich risk engineer has to peer review the on-site assessment for the EML to be used for Line Setting purposes as a **Trusted EML**

Trusted EML cannot be determined before an actual site visit has been carried out by a Zurich risk engineer.

EML estimates from sources other than Zurich risk engineers cannot form the basis of a **Trusted EML**.

For High Rise buildings, there is guidance on how to create EMLs and starting point should be an initial assumption of total loss 100% PD, please see full guidance in the Global High Rise Building Property UW How to Document.

For all Mid-Market (as per Country financial booking definition), Downstream Energy risks, as well as most Heavy Chemical Risks (please refer to the Hazard Grade list on Globuz 2.0), the exposure is the policy/contract maximum limit of indemnity (loss limit). In case a policy does not have a maximum limit of indemnity (loss limit), the TSI of the key location is the exposure. For the TSI calculation, the Underwriter includes all additional covers and extensions within the policy. Special consideration needs to be considered for any Interdependencies if Business Interruption / Extra Expense is provided, as well as Contingent Time Element covers when calculating the maximum TSI.

In case AS or TSI is used for line-setting, the policy language is reviewed to ascertain the maximum limit of liability under the policy or program (in case multiple policies are issued).

In a limit-based policy, the maximum limit should be set in relation to the actual TSI of the largest location and may include an additional buffer of 10-30 % to cater for extensions (incl. interdependency).

In a sum insured based policy, either a maximum policy limit should be set following the same principles (if permissible) or first loss extensions limits are fully added to determine the TSI. It is critical that such extension limits are provided in a reasonable relation to the sums insured (e.g. 10-15 % max). Any Leeway or Margin clause should be limited (e.g. 10 % of the sums insured). In International Programs local policies (non-Prime) are usually sum insured based and policy limits are not possible in all countries. Please check also in MIA in Territory.

If replacement cost is provided, an Average Clause (US: Coinsurance clause) should be added, to ensure a correct declaration of value.

For any guidance on replacement cost, appraisal and declaration of values, please consult the Global Historic and Unique Buildings Property UW How to Document

Also, we want to avoid by any means losses that exceed the TSI due to poor language (example of unacceptable language is "declared values are only informative in nature").

2.1. TEML Bust Protection:

- Requests for empowerment above country are not required when line setting is based on TEML and the TEML is lower than USD 750 Mio. (Depending upon local levels of Authority, an in country request for empowerment may be required).
- As of July 1st 2021 - Excess treaty capacity of USD 100'000'000 in excess of USD 400'000'000 (automatic access) is in place instead of Spot-Fac for TEML buffer protection
- If the TEML on an account is within USD 100 M of the relevant treaty limit, then Excess treaty capacity of USD 100'000'000 in excess of USD 400'000'000 is automatically accessed for TEML buffer protection
- The requirement for a $100M TEML buffer remains – Fac or excess Autofac attaching at $500M will be required for TEMLs > $400M. (i.e. a $475M TEML will require a $75M x $500M excess Autofac placement.)

Example 1	Account XYZ: HG3 – GOOD & TEML $340 M and Z participation 100%. Treaty limit is USD $400M. TEML of $340M + $100M = $440M total. The UWs are accessing automatically Excess Treaty capacity of $40M x of $400M.
Example 2	Account ABC: HG3 GOOD & TEML USD $380 M and Z participation 100%. Treaty limit is USD $400M. TEML of $380M + $100M = $480M total. The UWs are accessing automatically Excess Treaty capacity of $80M x of $400M.
Example 3	Account ABC: HG4 & EXCELLENT - TEML USD $320 M and Z participation 50%. Treaty limit is USD $400M, TEML of $320M. Maximum capacity for Excellent is $250M. In case we want to write 100% we would need to buy first Fac in excess of $250M up to the treaty limit (Treaty Limit $400M – Maximum allowed capacity $250M = Fac cession $150M), then since TEML is $320M, the UWs are accessing automatically Excess Treaty capacity of $20M x of $400M (= since the buffer layer of $100M in excess of TEML is needed, then $320M +$100M = $420M)
Example 4	Account ABC: HG5 & TEML USD $320 M and Z participation max 20% Treaty limit is USD $400M, TEML of $320M. Maximum capacity for Excellent is $100M. In case we want to write 100% we would need to buy first Fac in excess of $100M up to the TEML $320M – Maximum allowed capacity $100M = Fac cession $220M). Then, since line setting is done via TEML at $320M, we will need buffer layer of $100M in excess of TEML. $320M + $100M = $420M . The UWs are accessing automatically Excess Treaty capacity of $20M x of $400M
Example 5	Account ABC: HG3 GOOD & TEML USD $475 M and Z participation 100%. Treaty limit is USD $400M, TEML of $475M. Maximum capacity for Good is $400M. TEML bust protection needed is up to USD 575m = USD 100m + $475M in case we want to write 100%. We would need first to access Spot Fac for $75M excess of $400M. Then for TEML bust protection we will use excess Treaty layer for $100M xs $475M.

2.2. Governing perils

The Zurich Risk Engineering Technical Standard for EML specifies that:

EML "Estimated Maximum Loss" is the largest monetary loss (property damage plus business interruption) of values at risk that may be expected to result from a peril in a single insured event, with controls impaired and delayed manual intervention.

Some examples of insured perils to consider are:

- Fire within one fire area that may be expected to result from a single fire
- Explosion (Vapor Cloud Explosion in Petrochemical, LPG storage, etc.)
- Vehicle impact, including railways, or public roads through private property
- Aircraft impact if the site is within defined proximity of an airport
- Water Damage, including sprinkler and pipe leakage
- Collapse potential due subsidence, particularly when premises are constructed on former dump sites, old mines or unstable soil
- Terrorism (in particular TRIA in the US which cannot be sub-limited or where Zurich retains a different share net and treaty than for fire and explosion).
- Natural Hazards: Earthquakes, Windstorms or Floods are not considered, except where a Risk Engineering assessment (Desktop or Onsite) is prescribed, in accordance to Appendix 3 of this guideline

Natural Hazards should be defined as the governing peril as follows (unless they can be limited below the EML for Fire and Explosion):

- Tornado: All premises situated either in Zurich US Tornado Zones 4-6, CRI scores 7-10 or hazard levels of "High or Very High", in accordance with risk engineering definitions when using local hazard maps and resources. The most conservative assessment is to be used. The default TEML where either Tornado or Aircraft are the governing peril shall be 100% unless determined otherwise by Risk Engineering.
- Earthquake / Earth Movement (EQ/EM): is *considered* to be the governing peril for premises falling within the Red assessment (as per Appendix 3) in EQ Zone 1, CRI scores 9-10 or hazard Level Very High in accordance with risk engineering definitions when using local hazard maps and resources, but only where such coverage is written without an occurrence/aggregate limit
- Windstorm, Named Wind, Hurricane and Typhoon (including Storm Surge): is considered to be a governing peril for premises falling within the Red assessment (as per Appendix 3) in WS Zone 1, CRI scores 9-10 or hazard Level Very High in accordance with risk engineering definitions when using local

hazard maps and resources, but only where such coverage is written without an occurrence/aggregate limit

– Flood is *considered* as a governing peril for premises falling within the Red assessment (as per Appendix 3) subject to storm surge or a fluvial (riverine), pluvial flood event, CRI scores 7-10, but only where such coverage is written without an occurrence/aggregate limit

Risk Engineering definitions can be found in the Risk Engineering Technical Standard «Natural Hazards and Additional Perils Assessment.

3. Limits and Mandatory Restrictions

Global UW Property Limits and Mandatory restrictions in Appendix 1 outline the maximum allowed limit and restriction by empowerment level, applicable to direct as well as facultative assumed business.

4. Capacity Deployment

4.1. Customer focus aligned to Capacity

The Global Property Underwriting message to the market needs to be globally consistent and predictable within each market that we operate, with the empowerment to make decisions close to the customer. This document outlines the strategy to deploy line setting capacity based on a combination of Account and Location-Based deployment. We expect disciplined risk taking to be based on a culture of risk awareness. This will allow us to achieve our visions of customer focus, maximizing capacity on Excellent and Good accounts, and delivery of our financial goals and objectives.

4.2. Key Principles

- Risk Information: Our intent is to write what we know and know what we write. We cannot execute on this without good information. While assumptions are allowed if supported by a logical rationale, we write risk only on an informed basis. Furthermore, while Underwriters earn the ability to use more and more judgement as their level of authority increases, this is not a license to write risks blindly. Heavy responsibility comes along with empowerment.
- Capacity: Zurich is a Gross Lines Underwriting company and we will focus on both Net and Treaty capacity. Reinsurance is not to be used as a tool to write accounts which we should be avoiding, as our Underwriting judgment about the risk quality drives the capacity deployed. We are keen to take risk but we try to avoid or at least limit deploying capacity on any poor risks. In addition to this, our relationship with our reinsurance partners is strategic and has to be preserved for the long term.
- Line Size: Our goal is to maximize line size on desirable business (irrespective of UW Authority level), within the appetite. Thus, even Level 1 Underwriters should be proactively seeking appropriate levels of empowerment to maximize Zurich's footprint on the best accounts. This helps ensure that we gain critical mass on the best accounts, and also supports a lower expense ratio. (The same effort is needed to underwrite a 10% line as there is to underwrite a 30% lead line).
- Tools: This document provides examples of the types of scenarios when Location Based facultative tools can be employed. Underwriters can use these tools even when not mandated.

4.3. Key benefits

- Consistent and predictable marketing message of the Global Property Underwriting risk appetite aligned to capacity setting.
- Opportunity to grow both our top line production and improved our P&L by reducing our net exposure to poor locations, and consistently maximizing capacity deployed.
- Reduction of volatility in the net retention and leading to improved profitability.
- Reduction of operational risk by streamlining access to reinsurance, coupled with improved price.

4.4. Account Based Capacity Deployment

4.4.1. Guiding principle

Zurich strives to consistently maximize line size on quality accounts up to the limits indicated in the Appendix 2. At the same time, every Underwriter is fully aware of the basic principle that it would be extremely dangerous to be overweight on any individual account with respect to line size. By consistently adhering to limits indicated in Appendix 1, we will reduce volatility and help to ensure profitability of the Property / Energy & Technical risk segment.

Account Line setting for Property / Energy & Technical Risks is governed by maximum amounts set against both percentage and monetary value, whichever the lesser. This is based on Hazard Grade and Overall Account Risk Quality Rating. See Appendix 2 for details on Account based capacity deployment matrix.

4.4.2. Risk Appetite

Our Risk Appetite is defined by the use of Fire Hazard Grades and Overall Account Risk Quality Rating.

1. **Hazard Grades** – Account Level: Hazard Grade refers to FLEXA hazard. Capacity is determined on an account basis, based on the most hazardous activity. The Hazard Grade for a specific occupancy applies to the entire account unless the high hazard activity is incidental i.e. less than 20% of the overall policy Total Insured Value. If an asset is ceded via external Facultative cession, it is still accounted for within the Hazard Grade calculation for capacity deployment purposes.

   If we write a lower Hazard Grade account with incidental values in a higher Hazard Grade, Underwriters might consider accessing the Auto-fac Facility for the higher incidental Hazard Grade exposure.

2. **Overall Account Risk Quality Rating (OARQR):** The OARQR is calculated as a weighted average of all the assessed location Risk Grading Scores (FLEXA and Business Interruption), including the ones below USD 2.5m TIV if risk grading score is present. For further detail, please refer to Appendix 4 – OARQR

All assessment types indicated in Appendix 3 can be used to determine OARQR. Where the engagement of Risk Engineering is required according to Appendix 3, only Risk Grading assessments produced by Zurich Risk Engineering (ZRE) staff, Underwriters trained by ZRE or vendors managed by ZRE can be directly used in the underwriting process. Other third party reports or forms of risk information require validation by ZRE.

4.4.2.1. Incidental Definition on Location Level

An account defined as Commercial Property based on the Account Level rule above can have locations with exposures closer to Energy or Technical Risk than Commercial Property.

For every such location, incidental Energy or Technical Risk, exposure is defined as:

1. PD Energy or Technical Risk value being less than 10% of the Total Sum Insured at a single location

   AND

2. PD Energy or Technical Risk coverage including MB coverage (PD Energy or PD Technical Risk comprehensive of MB part + MB-BI) is less than **USD 25 million** (for Power Gen, Mining and Technical Risk) and **USD 10 million** for Downstream, Midstream, Heavy Chem on a 100% basis per location, irrespective of the Zurich line

   OR

   MB coverage is on a stand-alone basis, this exception only applies where the MB coverage (Material Damages for MB part only + MB-BI) is less than **USD 10 million** on a 100% basis per location, irrespective of the Zurich line

   AND

3. The Energy or Technical Risk location is not the source of the largest PML or EML on the schedule.

Example 1: Small Oil & Gas installations in a factory operating in a different segment/industry, motors/pumps including associated service tanks but NOT stand-alone tank farms)

Example 2: Small factory having a PV plant on the roof

What to do:

If not incidental, the UWs are:

- Required to ask separate placement of the exposure, however if this is not possible and only as last resort, they are required to:
  - Refer to level 5 or 6 Energy or Technical Risk empowered underwriter. Please note the Terms & Condition within Property will not be equipped to deal with such exposures and will require the necessary adjustments to capture the nuances of the Energy or Technical Risk exposure
  - Use the Energy or Technical Risk capacity deployment Section of the Property ZUG for that location. If not possible, L5 or 6 Energy or Technical Risk empowered underwriter can accept higher capacity.

For more indication on deductibles, please consult the Global Energy and Technical Risks Segment UW How to Document

4.4.3. Capacity

The maximum net and treaty Property capacity ("Gross Net") for Zurich globally is USD 400 million before any facultative reinsurance, including Auto-fac.

ZNA has access to separate quota share and even larger excess auto-fac facilities, which can also expand their net and treaty amount.

While this represents our maximum net and treaty capacity, it does not mean that we seek to deploy this on every account.

The normal maximum limits Zurich is willing to deploy are detailed in the tables as per Appendix 2. Note that all percentages and monetary amounts are expressed in terms of Zurich Gross Net (also known as "Net & Treaty") capacity. Please see Location Based Capacity Deployment section 4.3 for guidance on risk tolerance and appetite within net retention.

It is important to identify OARQR prior to any Location Based protection. In other words, locations rated as "Poor" are included in the Overall Account Risk Quality Rating calculation, even if we purchase auto-fac protection for these locations.

4.4.4. Density Requirements

A minimum density ratio of risk assessment information is required (except for Upstream), in order to develop an Overall Account Risk Quality Rating.

A further requirement is the need to assess at least the top three locations where an account has 10 or more locations. This will help ensure that the Overall Account Risk Quality Ratings is truly reflective of the entire account, and not just of the top location.

Please see below how the density is established by account type.

Account type	Minimum density ratio
Any (non-homogeneous)	Established as a percentage of exposed values from ground up which requires FLEXA risk assessment. The term 'exposed values' refers to the full combined PD+BI values in all cases and not to the Zurich share. In case of excess layer coverage the exposure values are the total insured value (from ground up including interdependency values) of all locations exposed within the excess layer.
Homogeneous (With numerous smaller (in terms of insured value) locations without warehouses or distribution centers or the like. The Schedule of Locations would have to all be the same with minimal variation (e.g. wholesale, retail, department stores, savings banks, etc.),	Established by using the number of locations for which risk assessment information shall be available

Each location is assessed based on Location assessment requirement (please see section 4.3) and minimum information (please see Appendix 3).

Calculation

Density is calculated as the sum of all assessed locations, divided by [all locations minus the not assessed locations matching the special exclusion criteria]

Special exclusion criteria being as follows :

- TIV < USD 2.5M

OR

- The SUM of the below:
  - (Exposure layer 1, at a given location) = [min (TIV; layer limit) minus attachment point] * Zurich share
  - (Exposure layer 2, at given location) = [min (TIV; layer limit) minus previous attachment point] * Zurich share
  - (Exposure layer n, at given location) = [min (TIV; layer limit) minus previous attachment point] * Zurich share

Note: To calculate the exposure to layer the minimum between the TIV and the limit of the layer is taken, the attachment point is subtracted and all is multiplied to the share of the layer. All exposures to layers are summed up. If this value is < 1M USD, then location will be excluded from density.

4.4.5. Density Empowerment

Each Underwriting Level is empowered up to the minimum density ratio shown in the tables below.

In cases of non-homogeneous accounts with homogeneous component exposure, the homogeneous density percentage can be used to fulfill minimum density ratio for the homogenous component.

The main Line Guide, shown in Appendix 2, is to be used only for Accounts meeting the density requirements. An alternative (significantly reduced) Line Guide is to be used for all Accounts where we do not meet the minimum risk assessment density as described above.

The Location Assessment Requirements Matrix as per Appendix 3 drives the needed minimum information. As with OARQR, only the locations that fulfill at least the minimum information requirements are to be counted towards the density calculation.

If Density at account level is not achieved then the following applies:

- Alternative line guide has to be used

AND

- Account Risk assessment plan to be developed prior to binding to address the gathering of additional risk information. A grace period for new business only of *24 months* is granted to meet minimum standards

While we are in that "grey area" of gathering appropriate levels of risk information, Underwriters can consider access to the Auto-Fac facility. Where it is unlikely that the appropriate level of risk information will be obtained within the 24 months, a re-assessment of the client relationship should take place, leading to a reduction or termination of the account participation. Should a valid business case remain, request for empowerment to Global Property UW supported by a new action plan can be initiated.

4.4.5.1. Any Accounts - Minimum Density Ratio by Underwriting Level

Required for Underwriting - Any Accounts / Exposed values

Hazard Grade	Underwriting Level					
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
1	50%	30%	30%	30%	20%	20%
2						
3	70%	60%	60%	50%	40%	40%
4	85%	75%	75%	70%		
5	95%	85%	85%	80%		

4.4.5.2. Homogeneous Accounts - Minimum Density Ratio by Underwriting Level

Required for Underwriting - Homogeneous Accounts / Number of Locations

Hazard Grade	Underwriting Level					
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
1	15%	10%	10%	10%	5%	5%
2						
3	35%	20%	20%	15%	10%	10%
4	40%	25%	25%	20%	20%	20%
5			N/A			

4.4.6. Additional Considerations

While our goal is clearly to obtain 100% density of information on every single account, the Account Engineer should aim at UW Level 3 minimum density ratios.

Please refer to Location Based Capacity Deployment section for guidance on accounts having Poor or sub-standard fair locations, high exposed Nat Cat or Unknown locations (e.g. locations with no grading score) within an otherwise acceptable account.

In cases of accounts with participation on excess layer, the exposure values to be taken into consideration to calculate the required minimum density ratios are limited to the total insured values (from ground up including interdependency values) of all locations exposed within the excess layer.

While the minimum density ratios define the quantitative minimum requirements, judgment by the Underwriter and the Account Engineer (when applicable) on UWR file is required to decide whether / which additional locations need to be assessed to adequately capture the risk profile of the account.

4.5. Location Based Capacity Deployment

4.5.1. Guiding principles

Location based capacity deployment drives location risk appetite and maximum net capacity for all accounts within Commercial Property, or Energy & Technical Risks. This is based on Hazard Grade and Overall Location Risk Quality Score. Net capacity is maximized on locations assessed good or excellent and low in Nat Cat hazards.

Location assessment requirements and minimum information for individual locations is defined based on Total Sum Insured and Hazard Grade or Risk Score (see Appendix 3). Deviations are allowed, however the individual location whose assessment deviate from the minimum requirements set will not count towards the density for the account. The locations with information less than Basic COPE (see Appendix 3 for minimum input and output of basic COPE) are considered as Unknown.

Auto-fac facilities are in place to help UWs to carve out undesired exposures (see Access to Auto-fac facilities 4.5.3).

While the Auto-fac facility is utilized to protect Zurich's net retention. It is also an Underwriter's duty to protect our treaty partners as well. Consideration should be given to writing less than maximum Account level line sizes when poor locations breach into the Treaty layers. Undervaluation needs to be also considered here when blanket limits are afforded

Gathering of information is incentivized by keeping within the net the locations where we have information, and Overall Risk Quality Level is Good or Excellent.

4.5.2. Location Assessment and Minimum Information Requirements

Appendix 3 indicates Location assessment requirements by peril to fulfill the minimum density requirements and Minimum Information Requirements, representing the expected normal minimum acceptable information sought by Zurich prior to writing a Property risk.

Please note that the frequency of assessment applies to FLEXA assessment only.

4.5.2.1. Guiding steps

- An UW is expected to determine the type of assessment required for every location based on four tables (FLEXA and other perils, BI, FLOOD, EQ, WS).
- The UW is to work with the Account Engineer or Risk Engineer responsible for the account to refine the type of assessment, based on data quality improvement (geocode, use of local hazard maps, etc.) as well as available information, e.g. RE assessment reports for locations already serviced by RE.
- An UW can deviate from type of assessment required settling for lower assessment level, however the location will not count towards density (please note density rules currently apply only for FLEXA).
- The above are minimum requirements for assessment assignments. It is recommended to complete the assignments of assessments together with the account engineer or similar in order to ascertain all hazards are covered as well as all special additional insurance coverages are discussed and taken in consideration.

4.5.2.2. Involvement of Risk Engineering

- Based on the type of assessment required by peril, the UW and RE agree on a RE service plan.
- The service plan should also include the assessment type for natural hazards. A multi-peril assessment with various levels of assessment may be required at a single location. The UW and RE are to prioritize the perils to be assessed and the associated timeline.
- The UW and the RE Account Engineer decide together on the appropriate BI service levels for the locations based on BI hazard grades and BI sums exposed per locations. The higher the BI Hazard Grade and the BI sum exposed the higher and comprehensive the BI service level (see BI segmentation matrix: BI service level 0, no RE BI service to BI service level 3: most comprehensive BI service level including interdependency analysis). For BI service level 2 and 3 especially in case required information on BI risk (including interdependencies) is not available or BI risk (including interdependencies) is rated fair or poor, capacity on BI is to be deployed conservatively.

UW consults with RE in the following situations:

- For CBI exposure where thresholds are reached
- VCE (Vapour Cloud Explosion) exposures
- Terror exposure, if special concerns are identified
- Cyber exposure and non-material damage related coverage, if special concerns are identified
- Single large losses exceeding USD 5 million (100% Net) over the previous 2 years.
- Locations that have contributed significantly to a 5-year account loss ratio >60% shall have RE assessments unless the cause of such loss has been eliminated.

4.5.2.3. Other

Please refer to the definitions for further details on adequacy of information and Appendix 3 for type of risk assessment.

4.5.3. Access to Auto-Fac facility

The Auto-fac facility is in place to allow individual location cessions based on individual exposure analysis. This facility allows us to maximize the writing of multi-location accounts which overall are desirable and in appetite, but where we have identified less desirable individual location(s) where we wish to reduce our net exposure. The scale and diversification created by the facility allows us to do this in a cost effective and efficient way

The automatic access to Auto-Fac facility is solely permitted to support:

- Case Underwritten business booked in Commercial Insurance and only for locations whose accounts have line size fully aligned with Property ZUG.

For further clarity,

- Russia, Ukraine and Belarus locations – The plan is to de-risk on the 3 countries and not cede any locations going forward
- Construction Builders Risk, Retail, Alternative Markets, Programs and E&S business are not eligible for this program
- Single locations and Campuses do not have automatic access. Referral is needed to Global Property Underwriting following sign-off from Portfolio Manager / LoB Head

It is a further requirement that Portfolio Management to be in place with:

- Monthly bordereaux need validation and sign-off by Portfolio Managers / LoB Head
- Quarterly checks needed as part of the Country Quarterly Business Review. Ownership to LoB Head in the Country to present results and findings
- Quarterly Audit spot checks – Portfolio / Country randomly selected by Global

Other major Exclusions applicable to the Auto-Fac agreement include:

- CBI / CTE
- Cyber
- Communicable Disease
- Energy (Special Acceptance needed)
- Terror
- Nuclear Energy Risks and Radioactive contamination
- Single Peril Nat Cat (Special Acceptance needed)
- Overhead T&D Lines
- CAT pool perils, i.e. Nat Cat in France, Spain Consorcio
- Business coded as aircraft or satellites as respects launch, in flight or in space
- Inland Marine / Transit (Special Acceptance needed)
- Netherland Dam Breakage
- Other Global Property Per Risk exclusions indicated in Appendix 1

Special Acceptance (from Lead Reinsurers Swiss Reinsurance America Corporation, Munich Re and Hannover Re) is needed for cession for Energy, Inland Marine, Transit, Single Peril Cat and Multi-Risk or Occurrence (please see special acceptance process and table for coverage and exclusions below in 4.5.3.1).

Further considerations (assessment, conditions, coverage and exclusions) to access Auto-Fac apply as below – please see also table under Condition Applying to Auto-Fac - Business Covered

Business covered	Location Type	Limits	Access to Facility
Commercial Property, Molten Metal, Pulp and Paper and Light Chemicals	All, based on individual exposure analysis Except Single Locations and / or campus risks	Discretional limit up to USD 40 Mio for Property, up to USD 20 Mio for Energy Discretional attachment in excess of USD 10 Mio up to USD 40 Mio	Automatic access permitted solely to Case Underwritten business booked in Commercial Insurance, only for those locations whose accounts have line size fully aligned with Property ZUG
Commercial Property, Molten Metal, Pulp and Paper and Light Chemicals	Single Locations and / or campus risks		Access subject to referral to Global Property Underwriting following sign-off from Portfolio Manager / LoB Head
Energy Downstream (Oil Refining & Natural Gas Processing), Midstream, Mining, Power Generation, Heavy Chemicals (incl. Petrochemicals).	All, based on individual exposure analysis	Discretional limit up to USD 20 Mio for Energy	Special Acceptance Needed from Lead Reinsurers
Construction Builders Risk, Retail, Alternative Markets, Programs and E&S business are not eligible for this program	All	N/A	No Access

Assessment considerations

Following assessment of each location, UWs evaluate the carve-out of undesired exposure, facilitated by accessing the Auto-fac facility. The facility is per location, not account basis. It therefore applies to each location where appropriate. In the absence of Auto-fac facility, spot fac should be considered where indicated below.

A minimum of USD 10 million Zurich net retained capacity for each location always applies, independently of any other considerations. Please note that, at present, the Auto-fac facility is meant to protect Zurich's net on Poor locations from a non-CAT risk basis. While there is no exclusion for CAT coverages, it is never the intention of this specific facility to accept risks solely on a CAT basis. For example, if a hotel chain has a Poor location (from a fire perspective) that happens to be on Miami Beach, that can and should be ceded to the facility. However, if a hotel chain has all Good or Excellent locations from a general / fire risk perspective, we should NOT be ceding locations in CAT zones to this facility.

The access to Auto-fac facilities has consequences on Net Earned Premium and therefore on the profitability of a portfolio. It is not meant to substitute sound and prudent underwriting judgment and UWs are expected to evaluate where to sit on each account to maximize profitability.

Auto-fac has not been rolled-out in all the Countries and where not operational it is highly recommended for the Country to consider reinsurance as per process described in ZUG Chapter 1.

4.5.3.1. Conditions applying to Auto-fac

The facility shall be considered as facultative reinsurance, applying first. As a "Facultative Facility," this inures solely to Zurich's benefit and does not push up the attachment of the Per Risk Treaty (as opposed to regular spot fac, which would push up the per risk treaty attachment). As respects any potential spot fac purchased outside this facility below USD 10 Mio the following retention language applies.

COMPANY'S RETENTION

1. As respects all business subject to this Contract, the Company shall retain a minimum of an Ultimate Net Loss of ten million USD ($10,000,000) each loss any one Risk before ceding to this Contract.
2. It is understood and agreed the Company may purchase Per Risk Excess of Loss treaty reinsurance protection or facultative reinsurance, which shall be ignored for purposes of calculating its retention under this Contract.

Example: An Underwriter could theoretically buy a USD 5 Mio xs USD 5 Mio and then use the Auto-fac on top.

Line-setting consideration

Please note that as of July 1st 2022 Auto-fac has been placed only at 97.5% or USD 39m of our desired USD 40m capacity. This means that a Zurich participation of 2.5% in the layer in excess of USD 10m (resp. GBP 7m, CAD 13m) applies. Please consider that when line setting capacity on the location basis.

In relation to our additional 2.5% line this will need to considered within **each country net**

Please note we are not asking to use spot Facultative placement to fill this capacity as this will result into administrative complication and potential coverage gaps as Spot Fac inures to the benefit of Global Property Per Risk Treaty reinsurers. Instead we ask that consideration is made to the net retention on the locations and Underwriters consideration from an overall account and line size.

Coverage and exclusions

When specified in the column Special Acceptance, a Special Acceptance to Lead Reinsurers Swiss Reinsurance America Corporation, Munich Re and Hannover Re is needed for cession. The Lead reinsurer shall have five (5) business days from the date of receipt to accept or reject each Special Acceptance request or such request shall be considered automatically accepted.

The Auto-fac Submission form has to be used for cession

For further information on Auto-fac, please refer to the Auto-fac factsheet

Type	Condition	Special Acceptance
Business covered	All business classified by the Zurich as property, including but not limited to Fire, Allied Lines, Boiler & Machinery, Earthquake, Inland Marine, Property Sections of Commercial Multi-Peril Policies, Legal Liability Coverage when written on a Property or Inland Marine Form, and Automobile Physical Damage under any Policy with Risk attaching within the term of this Contract. • Case Underwritten business booked in Commercial Insurance and only for locations whose accounts have line size fully aligned with Property ZUG. • Construction Builders Risk, Retail, Alternative Markets, Programs and E&S business are not eligible for this program • Single locations and Campuses have not automatic access, referral is needed to Global Property Underwriting following sign-off from Portfolio Manager / LoB Head • Special Acceptance (from Lead Reinsurers Swiss Reinsurance America Corporation, Munich Re and Hannover Re is needed for cession) for Inland Marine / Transit, Energy, Single Peril Cat and Multi-Risk or Occurrence apply. Portfolio Management: • Monthly bordereaux need validation and sign-off by Portfolio Managers / LoB Head • Quarterly checks needed as part of the Country Quarterly Business Review. Ownership to LoB Head in the Country to present results and findings • Quarterly Audit spot checks – Portfolio / Country randomly selected by Global	n/a
Inland Marine / Transit	Referral for Inland Marine / Transit	YES
Energy	Referral for Energy Downstream (Oil Refining & Natural Gas Processing), Midstream, Mining, Power Generation, Heavy Chemicals (incl. Petrochemicals).	n/a
Territory	Worldwide – identical as policy issuing company Except Russia, Ukraine and Belarus	n/a
Attachment Basis	Risk Attaching	n/a
Currency	USD, EUR, GBP, CAD currency clause	n/a

Limits & Retentions	For Commercial Property, Molten Metal, Pulp and Paper and Light Chemicals • USD and EUR: Up to $40m xs $10m • GBP: Up to GBP 28m xs 7m • CAD: Up to CAD 52m xs 13m For Energy Downstream (Oil Refining & Natural Gas Processing), Midstream, Mining, Power Generation, Heavy Chemicals (incl. Petrochemicals). Please note those occupancies require special acceptance. • USD and EUR: Up to $20m xs $10m Aggregate in place as follows – USD 120m for Cat – USD 320m for All Perils – USD 40m for Terrorism Cat definition includes: Hail, Tornado, Windstorm, Named Storm, SRCC, Earthquake, Tsunami, Firestorms/Brush fires, Freeze, Flood	n/a
Single Peril CAT	Referral for cession of Flood and/or Earthquake and/or Named Windstorm only, except when written in conjunction with other perils reinsured by this contract	n/a
Multi-Risk or "Occurrence"	Referral for exposure written on an occurrence basis and not on a location basis This applies when an UW wants to cede more than 1 location on an account, but is applying a single limit covering them, regardless of the actual cumulative TIV. All locations considered one Risk are to be declared and ceded. Example: 3 locations identified with different Amount Subjects or TSI from FLEXA perspective, however Tornado is the predominant peril and a single limit is applied over all three buildings	YES
Exclusions	• Business coded as aircraft or satellites as respects launch, in flight or in space risk, but not to exclude manufacturing location risks or temporary location risks of aircraft hulls or satellites • Business written by Construction EL (but cover is provided for renovations, additions to existing risk) • CAT pool perils, i.e. Nat Cat in France • CBI / CTE • Communicable Disease • Crop • Cyber • Energy (Referral needed) • Inland Marine / Transit (Referral needed) • Mold/Fungus (unless risk is located in a jurisdiction which does not exclude it or where this exclusion is unenforceable by court of law) • Netherland / Dutch Flood • Overhead Transmission and Distribution lines (please see Appendix 5 for content) • Single Peril Nat Cat (Referral needed) • Terror • Nuclear Energy Risks • Radioactive contamination • Spain Consorcio Other standard Property Treaty Global Property Per Risk exclusions indicated in Appendix 5 (Treaty Reinsurance, Third party liability point a and b, Credit, financial guarantee and insolvency insurance, Fidelity and Surety, Bankers Bonds, Dishonesty, Disappearance and Destruction and similar covers, Seepage, Pollution and	n/a

	Contamination liability and Debris removal associated to them, North America exclusions – points b, c and d, Offshore risks, Eurotunnel liability, War and civil war)	

4.5.3.2. Examples on use of Auto-Fac

1. An account is rated High Fair (130) and it has many Poor locations. Zurich is not leading Risk Engineering and some locations cannot drastically improve due to design specifics and/or lack of investments. After assessment the UW decides it would be wise to sit on higher levels and/or take much smaller line sizes, rather than writing the account quota/share and ceding premium into the Auto-fac facilities. Or, back to the first principle of Underwriting, the Underwriter may very well decide not to write the account at all due to Risk Quality.
2. An account is rated Good (85) and it has some Poor locations. After assessment, instead of leading the account with 25% of USD 500 Mio a prudent UW has decided in the past to sit on an excess layer and take a smaller line size (e.g. 10% of USD 100 Mio xs USD 100 Mio), due to concerns over several Poor locations on an otherwise Good risk. The Auto-fac facility could help in such case, as volatility protection can be more than offset by substantially increased account premium on an otherwise Good account.
3. An account is rated Good (85) and it has some Poor locations. In the past, the UW decided to maximize Zurich's position on the account and lead with 25% of USD 500 Mio, ignoring the Poor locations and retaining that risk net. Upon renewal of that account, if the auto-fac facility is in place in that country, the UW can decide to access Auto-Fac. If auto-fac is not available at the time of renewal, the UW shall seek advice with their country or regional manager (minimum Underwriting level 4) before making a decision on how to handle the renewal. Spot fac for the Poor locations should be strongly considered.
4. An account is real estate with some of the locations being High rise building. The hazard grade is 2 and density requirement is met. However, there is unknown information on cladding for 20% of the buildings. The UW is expected to buy protection for the unknown locations even if density requirements are met. The UW is also expected to agree with the client/broker to increase the level of information for the unknown locations.

5. Specific Coverage Requirements

5.1. Natural Catastrophe Perils

5.1.1. General

5.1.1.1. Application of Limits

For maximum account level limits refer to Appendix 2 Account Capacity Deployment.

All natural catastrophe peril limits are based on the Zurich gross-net share, i.e. before treaty reinsurance. Natural catastrophe peril limits apply per zone or country if not defined otherwise.

Unless in strong contradiction with local market practices or mandatory regulations, natural catastrophe perils are always limited per occurrence and in the annual aggregate and will always apply for all insured locations within one region/country/zone.

5.1.1.2. Mandatory Catastrophe Pools, Schemes and Tariffs

Underwriters need to be aware of governmental schemes and pools for natural catastrophe peril coverage, and the underwriting approach has to be aligned with the Group's position as to transfer of risk to such governmental schemes or pools, especially mandated pools whether mandated by the government or by Zurich. Compulsory or mandated pools are listed in Zurich MIA in Territory – please see Globuz 2.0 for further information.

Underwriters need to also be aware of mandatory covers for catastrophic perils that apply in some countries, where coverage may not be sub-limited or where a mandatory tariff and mandatory deductibles or coinsurance percentages apply to catastrophic perils. This information can also be found in Zurich MIA in Territory.

Pools in which Zurich is exposed to credit risk are reviewed and approved by the respective reinsurance credit risk approval authority holder as per section 3.2.2 of the ZRP MR 4c Ceded and Retroceded Reinsurance Credit Risk Policy Manual.

5.1.1.3. Earthquake and Named Wind Zones; Limits, Deductibles

Please refer to the Global Worldwide Earthquake and Named Wind Zones UW Supporting Document on Globuz 2.0 for Zurich Earthquake and Windstorm Zones by country, Limits and Deductibles

Any country not listed in the table is considered a Zone 1, unless it is referred for consideration and permanent inclusion in the table.

5.1.1.4. Deductible considerations

Where possible natural catastrophe deductibles in exposed areas are expressed per site or in relation to site value as a percentage of "values on site", this means "values at the time of loss (either reported or actual based on contractual agreement) for each location involved in the loss or damage." Any references to "per Unit of Insurance" should be avoided in the deductible definition.

When writing accounts with locations in the US, Appendix 2.4 provide requirement to be applied at point of underwriting.

5.1.1.5. Reinstatement of Accounts Limits

Countries are empowered to reinstate exhausted limits after proper consideration of the current risk conditions and a review of any moratoria that might be in place but in no case shall this be offered while an event is ongoing such as flood.

5.1.1.6. Occurrence Definition

Policy wordings shall always include an occurrence definition and a time component for natural catastrophe perils. Global Property Underwriting view is to use either a continuous 72 hour or a continuous 168 hour definition. The 72 hour definition is most common for windstorm and earthquake, whereas 168 hour is more common for flood. Where Countries would like to use some other occurrence definitions, deviations can be agreed by Countries with Level 4 or 5, based on a single risk considerations and assessment analysis. Please refer to MIA in Territory for information about the occurrence definitions under local wordings.

5.1.1.7. Concept of Proximate Cause and Ensuing Loss

Underwriters need to be cognizant of varying practices around the globe as respects ensuing loss and the concept of "proximate cause." For further clarification, refer to Globuz 2.0 for the Global Natural Catastrophe Perils Property UW How to Document.

When writing risks into other territories Underwriters need to be aware of the different practices around definitions for catastrophic perils and the impact on the limits and deductibles offered. Refer to MIA in Territory for detailed information on local application of limits and deductibles for catastrophic perils. Underwriters have to consider the risk of having a different application of the catastrophic perils limits under the local policy vs. the Master Policy in their risk assessment, pricing and reinsurance placement (follow the fortunes/follow local form) or wherever possible consider the different definitions in the Master Policy wording (e.g. different definitions for US vs. RoW).

5.1.1.8. Local Maps

Local maps may be available. For how and when to use them please refer to the Global Natural Catastrophe Perils Property UW How to Document.

Provided that these maps have been validated by risk engineering Global Risk Engineering Technical Center, they are to have precedent over CRI-provided hazard levels.

5.1.2. Windstorm, Named Wind, Hurricane and Typhoon (including Storm Surge)

Storm surge may be part of the windstorm coverage or could be part of the flood coverage depending upon the policy wording in use.

- Coverage. Thereby a stacking of limits can be avoided.
- Zurich North America (ZNA) best practice is to include storm surge within the peril definition of flood. Storm surge may also be included within the peril definition of named wind with appropriate local approval. For the benefit of this guideline, the peril under which storm surge is defined determines underwriting capacity and maximum account level limit for storm surge. When storm surge is covered under the peril of flood, it must

be included as part of the flood assessment using CRI as traditional flood maps may not consider storm surge.

- For ZNA Produced business, windstorm exclusive of Named Windstorm may be written at policy limits in all zones in accordance with North American market practice and where it is not possible to sublimit. This approach should not be exported to other markets (e.g. IPZ local policies) where the windstorm definition includes all type of windstorm (Named Wind and severe convective storms). However, whenever possible, the "Hail and Windstorm (other than Named Storm)" endorsement (available for all states except California, Hawaii, Idaho, Kansas, New York, Rhode Island and Puerto Rico) shall be used to sublimit exposures in exposed Tornado areas. Alternatively, location limits can be offered to sublimit Tornado.
- For Non-ZNA Produced business, the Business unit shall always sublimit Tornado (i.e. Windstorm, other than Named Storm) under the local US policies in line with the limit for Windstorm under the Master Policy. For exposed locations in states where the endorsement "Hail and Windstorm (other than Named Storm)" can not be used by ZNA, location limits can be offered and cover under the master with Windstorm being sublimited in general for Named Storm and any other type of Windstorm.
- Differences in windstorm definitions must be considered. Standard practice in most markets is a windspeed of 75 km/h-90 km/h (or Beaufort level 10 more than 55 to 63 miles per hour).

5.1.3. Earthquake and Earth Movement including Volcanic Eruption / Subterranean Fire and Tsunami

Zones as per Appendix 1 generally apply to Earthquake/Earth Movement. For volcanic eruption and tsunami however, the zones are depending on the location/scenario not identical with the earthquake zones. For any details, please refer to the Global Natural Catastrophe Perils Property UW How to Document.

Tsunami is preferably covered under Earthquake/Earth Movement (avoidance of stacking of limits). Where covered under Flood, careful consideration must be made for the stacking of limits between the two covers.

5.1.4. Flood

Within the spirit of this guideline and its underwriting intent:

- Flood excludes storm surge in respect of underwriting capacity. This, however, does not apply for business written by ZNA, where storm surge is included within the peril definition of Flood.
- Underwriters make a concerted effort to evaluate the flood exposure for every insured location.

5.1.4.1. Local Maps

If reliable local flood maps (approved by Group Accumulation Management or Global Risk Engineering Natural Hazards Technical Center) are available, the following return periods can be used as an example for capacity deployment

Return Periods		
Very High	High	Medium
</= 100 years	100 ->/=500 years	>500 years

Flood limits outside U.S. and other countries with available flood zoning shall always be clearly defined on a regional and location level in the policy wording. Flood definitions like ‘within the 100-year zone’ are not practicable in countries where there is no recognized zoning system and are likely to create uncertainty and discussions after a claim. Even in countries where flood zones are defined, it is best practice to explicitly identify individual locations that are known to be exposed to avoid any ambiguity after a loss regarding coverage.

5.1.4.2. US Flood Exposure

Due to recent losses and the difference between US FEMA Flood Map and CRI scoring, underwriters are required to check and use the most conservative of both. Ability to deviate will be subject to Risk engineering flood assessment and following receipt of the report and confirmation that risk improvements, if any, have been implemented.

5.1.4.3. Occurrence Definition Deviation

The following Countries may deviate to Time component (Occurrence Definition) and/or Annual Aggregate limits, based on local market requirement. However, use of such aggregate limits is strongly recommended for Flood prone zones < 500 years return period. These definitions only apply to the domestic territory and cannot be exported to other countries when writing IPZ programs.

Country	Time component *(Occurrence definition)*	Annual aggregate
Argentina (domestic)		x
Australia /New Zealand, Japan, Singapore, Indonesia, Hong Kong, Malaysia, China plus APAC OOT countries		x
Canada	x	
Germany (domestic, up to TSI/Limit EUR 20 Mio)		x
Ireland (domestic SME and mid-market)	x	x
Italy (domestic)	x	
Japan	x	
Mexico (domestic)	x	x
Middle East (domestic)	x	x
Morocco	x	
Nordic (domestic)	x	x
Portugal (domestic SME and mid-market)	x	
Russia (domestic)		x
South Africa	x	
Turkey	x	
UK (domestic SME and mid-market)	x	x
USA (only for risks in the US territory and not exportable to other countries	x	

5.1.5. Dam Breakage Netherlands

Dam Breakage Netherlands is a Power reserved to SME and authority is indicated in the Letter of Authority. Authorities cannot be delegated.

In the Netherlands Group has identified 10 zones for Dam Breakage to be considered independent (independent means up to unconditional event probability of 1/100'000 years) from an accumulation stand-point

Our maximum Group Property Zurich net exposed limit(*) capacity for each of the above mentioned zones is USD 1.4 billion (it includes Commercial Property, Energy and Technical Risks only). The capacity is based on net exposed limits* and not relying on any models (i.e. non-modelled).

For each country and/or region the maximum Zurich Net exposed limit(*) capacity per independent accumulation zone and the observation point per independent accumulation zone is indicated in table below.

Region/Country	Country	Net exposed limit * capacity In USD, million	Observation Point ** In USD, million
EMEA (excl. UK)	EMEA (excl. UK) – Global UW	50	45
EMEA (excl. UK)	Benelux	200	180
EMEA (excl. UK)	Germany	120	108
EMEA (excl. UK)	Switzerland	60	54
EMEA (excl. UK)	Nordics	60	54
EMEA (excl. UK)	France	60	54
EMEA (excl. UK)	Spain	30	27
North America	North America	480	432
LATAM	LATAM	10	9
UK	UK	250	225
APAC	APAC	50	45
Global UW	Global UW	30	27

* Zurich net exposed limit capacity means net Zurich share limit or Zurich share total insured values, whichever is the lesser (both net of applicable deductible, facultative reinsurance, captives when limits cannot be eroded e.g. with no annual aggregate limits) per account/policy, however gross of treaty.

5.1.5.1. Accumulation monitoring

Subject Matter Experts in Countries / Regions are responsible to manage and monitor the aggregates per independent accumulation zone on a quarterly basis. This monitoring process is supported by REDS reports.

**Once 90 % of the net exposed limits (observation point) for one zone is exceeded, Global Property Underwriting needs to be notified immediately and mitigation actions may be required. The observation points per country / Region are in table per § 5.1.5.

5.1.5.2. Deductible

The minimum deductible/attachment point is 5% of values on site, subject to a minimum equivalent of EUR or USD 100,000.

5.1.6. Tornado

Underwriters need to be aware of the impact weather phenomenon other than Named Windstorm and Flood, such as strong Convective storms, can have on the risks insured. Risks are to be assessed for structural integrity, damageability, quality, and potential loss. The Underwriter has to be aware of critical known areas where the occurrences of such weather-related events have higher probability either due to historical incidents or based on local standards, guidelines, hazard maps, etc. Risk Engineering can provide support in this assessment.

In most countries tornado is part of windstorm and can be limited. However, in the US and Canada and countries where wind is named (hurricane, typhoon) there can be an issue with tornado not being sublimited. Where legally possible from a regulatory point of view (limiting endorsement accepted by regulator) we should sublimit the tornado exposure either as part of the windstorm limit or a separate limit. Other solutions to limit the tornado exposure are the application of location limits or policy limits.

Tornado is the governing peril to which we set TEMLs when the risk is situated in Zurich US Tornado Zones 4-6, or CRI scores 7-10, or, when using local resources, hazard levels “High” or “Very High”, as defined in the pertinent risk engineering standard. The most conservative method is used.

Use of the Facultative reinsurance (for ZNA the Excess Auto Fac structure) or adjusting line size are the most effective solution to address both Critical Tornado Zone or Buffer exposures while limiting reinsurance costs.

If a risk falls outside Zurich US Tornado Zones 4-6, or CRI scores 7-10 , or, when using local resources, hazard levels "High" or "Very High", as defined in the pertinent risk engineering standard, but the location has been directly affected by tornadic activity in the past, the UW is required to purchase reinsurance as a "buffer."

Example: (ZNA, but also applicable elsewhere with use of FAC instead of Excess Autofac):

- We insure a hospital located in Albany, GA
- Zurich defined Tornado **Zone 3** and Swiss Re **Moderate** tornado zone
- On January 2, 2017, an EF-3 hit Albany and the hospital incurred $3.5M in losses
- There is a $1B policy limit in effect. Consider using the Excess Autofac $350M xs $400M for the location. We are not using Tornado as the governing peril, so we do not need to buy reinsurance up to the policy limit.
- The thought being, we know a tornado can hit this area so let's protect ourselves above what the guidelines call for. Similar consideration should be given should a tornado hit "near" our insured location without directly impacting it.
- Careful consideration should be given to locations, Regions, counties affected by tornados more than once, regardless of the zone.

Further indications can be found in the document Technical Standard Loss Estimates EML Guideline for Tornado Exposed Locations.

5.1.7. Hail

Underwriters need to be aware of the impact of Hail can have on the risks insured.

This includes knowledge of critical known areas where the occurrences of such weather-related events have higher probability either due to historical incidents or based on local standards, guidelines, hazard maps, etc.

Our appetite is for geographically well diversified accounts. With that in mind, only those accounts located in high Hazard Zones are not in appetite, but that does not mean they cannot be considered for coverage. However, it does mean they need a higher level of due diligence and prudent terms.

For a full list of Zones, please visit the Natural Catastrophe Perils How to document, section Hail.

It should be a red flag to underwriters when the account consists of what we term "loss driven occupancies" as shown below. Like the statement above, these risks need higher level of due diligence, applying good risk selection (or sometimes declination) and most prudent terms and conditions.

Occupancies	Comments
Hospitals	Significant sq ft, multi roof levels, mixed roof types, mix of roof/bldg. ages, HVACs
Education	Difficulty executing expedient repairs if public entity.
Nursing Homes	Typically, one story with a large footprint.
Real Estate (Including Warehouses)	Malls present a significant exposure due to sizeable footprint, skylights, atriums, signage and diminishing funds for infrastructure.
Hotels/Hospitality	Significant exposure due to skylights, atriums, extensive HVACs, signage, awnings, sun shades.
Retail	Significant exposure due to skylights, atriums, HVACs, signage and diminishing funds for infrastructure.

Risk Engineering can provide support in the assessment.

Underwriters should refer to the Global Natural Catastrophe Perils UW How to Document on Globuz 2.0 for details on:

- Underwriting approach
- Required Minimum Deductibles

5.1.8. Specific Country guidance

More specific Nat Cat Country guidance can be found in the following How to Documents

- Global Property France CAT NAT UW How to Document

- Global Property Norwegian Natural Perils Pool How to document
- Global CI Property Switzerland Natural Hazard How to document
- Global CI Property Iceland NAT CAT How to Document
- Global CI Property Spain Consorcio How to Document

Consider in particular that the coverages in France and Switzerland are not ceded to any pool and fully retained by Zurich (net and treaty). These risks need therefore to be normally underwritten and shared with the coinsurers/co-reinsurers/panel insurers on a program.

5.2. Terrorism

Subject to compliance with overall Terrorism Limits as per Limit section, Countries are authorized to write terrorism outside a country, state or reinsurance scheme in accordance with the following section.

Countries with any form of government insurance scheme or pool solution are outside of the scope of this guideline and instead, need to follow the specific rules for that particular solution (e.g. TRIA Guidelines for the US). With "Terrorism" cover we mean policies/programs which explicitly cover or do not exclude Terrorism losses.

When fronting for the risk of terrorism in the US, PCs must be aware that the risk of certified terrorism (TRIA) is ceded back by ZNA and is to be shared with the co-reinsurers/panel reinsurers or facultative reinsurance may have to be purchased.

5.2.1. Additional Mandatory Restrictions

Additionally, to what prescribed in the Limit section Appendix 1, the following limits and coverage require a request for empowerment to Level 5 or 6 UW before issuance of a binding quote:

- Any single risk (same insured or multiple insured at the same location written by one or several countries/regions) with a net exposure (see exposure definition in section 2.1) in excess of USD 50 million (this also includes non-certified acts of terrorism in the US).
- Any coverage provided outside the scope/limits of a state or reinsurance scheme which Zurich is supporting. This includes but is not limited to excess and DIC/DIL covers.
- Any stand-alone Terrorism coverage or participation in corresponding pools or schemes
- The provision of nuclear/biologic and chemical Terrorism.
- Any certified (TRIA) coverage fronted by Zurich where the PC retains an additional participation on a net and treaty basis above the participation on the program. This is the case where the US local policy is fronted by Zurich and co-reinsurers/panel reinsurers on the program do not follow the fortunes on the TRIA exposure.

The following coverage can only be provided with the approval of Underwriter Level 4, 5 or 6 and with a maximum limit of USD 10 million per occurrence / annual aggregate. The Level 4, 5 or 6 CANNOT further delegate this authority:

- Coverage for property in transit and property at non specified or third-party locations
- The following BI extensions:
  - CBI (Suppliers/Customers) (if granted with Country Head of Property approval it should only be for direct named suppliers and customers).
  - Interdependencies (other than in respect of specified insured premises of the Insured).
  - Denial of Access.
  - Loss of Attraction.
  - Service Interruption/Public Utilities.

Risk Assessment information is required as per CBI coverage section.

Terror accumulation scenarios in excess of USD 200 million (net) need to be notified to Global Property Underwriting as soon as they become known (see "Reporting Requirements" in the Global Terrorism Property

UW How to Document on Globuz 2.0). PCs outside the US have the accountability to supply their accumulations for TRIA on a quarterly basis.

5.2.2. Specific Country guidance

More specific Terrorism Country guidance can be found in the following How to Documents

- Global CI Property France GAREAT UW How to document
- Global CI Property Germany Extremus Terrorism UW How to Document
- Global CI Property UK Pool Re UW How to Document
- Global CI Property South Africa SASRIA UW How to Document
- Global CI Property Denmark Mandatory Terrorism UW How to Document
- Global CI Property Spain Consorcio UW How to Document

5.3. Civil Engineered Completed Risk (CECR)

Standalone CECR and CECR not incidental are only to be written within Engineering Lines business, following the Engineering Lines and Construction ZUG Chapter.

Incidental definition

Where the exposure is:

- an incidental sum relative to the traditional Property risk (incidental being less than 10% of the Total Sum Insured at a single location but not more than USD 50 million as a monetary sum irrespective of the %) – and
- an integral part of the insured property.

Then these lower parameters are deemed to fall within the standard Property underwriting authority

For large industrial sites such as, complex/large processing or assembly plants made of separate units/areas connected by local private infrastructures or including delivery/shipping/testing (test tracks for automotive industry) facilities, CECR incidental exposures can exceed USD 50 million. These locations normally incorporate a number of CECR elements (roads, bridges, tunnels, etc.) which are an integral part of the site itself or are in the immediate vicinity (separate infrastructures are excluded). CECR risks in no case are to be the predominant exposure.

5.4. Contingent Business Interruption (CBI) and Physical Damage Business Interruption Cover Extensions

5.4.1. Scope

When required, CBI and Physical Damage BI coverage Extensions can be provided as an extension to PD and BI. The cover is subject to specific per occurrence/event sub-limits, periods of indemnity/liability and other conditions agreed in the policy. CBI coverage is only available as an integral part of a PD and BI policy. It is not permitted to provide any CBI coverage for PD Policies only.

The following CBI & Physical Damage BI Cover extensions form part of this section:

- Suppliers' and customers' extension.
- Public Utilities (also known as "BI service interruption").
- Denial of Access (also known as "ingress/egress")
- Civil Authority (Similar as Denial of Access)
- Loss of Attraction (also known as "leader property" or "attraction property").

5.4.2. Risk Appetite

Zurich aims to offer limited CBI & Physical Damage BI cover extensions to selectcustomers who are able and willing to provide the required information for Zurich to assess and underwrite the exposure. Due to accumulation concerns, capacity is limited and therefore should be prioritized to ensure that preference is given to strategically important and relationship customers who are proactive in their risk management and business resilience approaches.

CBI

Our Risk Appetite for CBI is directly linked into risk (individual and accumulative), the certainty of the underwriting considerations and the expected behaviour of our customers and their supply chain partners.

The following elements drive our appetite:

- The level of understanding of the risk (hazard, exposure, controls) at the supplier or customer and the impact an event can have on our insured;
- The significance of risk of accumulation potential within one insurance program (one supplier impacting multiple locations of our insured) as well across insurance programs (one supplier impacting multiple of our insureds) and our current level of accumulation and available capacity;
- The risk management behavior at the supplier or customer locations and our insured's influence here-on;
- The supply chain management level, -integration and the resilience in the business model at our insured and our influence here-on;
- The type of industry and the level of specialization and dependency on the supplier/customer (single source/single location), see critical industries.

Our appetite naturally increases with:

- improved certainty on our considerations;
- increased sophistication- and integration of supply chain risk management techniques within our customers operations (often part of procurement) which includes the level of awareness, resilience as well their track record, action-readiness and response to prior events. It is important that insureds practice and exercise their anticipated events and share with Zurich the outcome of these exercises and lessons learned;
- individual and accumulative risk scenarios that are manageable both in severity and/or frequency.

Physical Damage BI cover extensions

Our Risk Appetite considerations are similar as those expressed for CBI. Irrespective and directly related to the nature of the extensions and the conditions requested there is less certainty on the quantification of risk. This because of the low impact by our direct insured on the controls related to the Hazards. Also the extend of the conditions (distance limit, waiting period etc) deployed can reduce or aggravate potential risk scenarios.

5.4.3. CBI - Capacity Deployment

Please see Appendix 2.3 – Capacity Deployment - CBI

Based on the principles above our capacity on named CBI is sized and managed in following levels:

- Standard
- AI – Early Warning enabled
- SME

Within these capacity deployment structures; specific capacity deployment schemes are created for:

- Critical Industries
- Non-Critical Industries

Any capacity for "Critical Industry" requires always a request of empowerment to an SME as they monitor accumulation and adjust continuously appetite and strategy as well review alternative risk-transfer solutions.

Please refer to the Appendix 2.3 – Capacity Deployment - CBI for more details on allowed Standard, AI – Early Warning enabled and SME capacity.

5.4.3.1. Critical Industries

Critical Industries are industries that represent a higher risk exposure for CBI (to Zurich) due to increased outsourcing models with inherent accumulation and interdependency concerns. These industries may require additional involvement by Risk Engineering or more detailed analysis by the Underwriter or SME's for Zurich to provide the requested cover.

The **"critical industries"** or specific NAICS flagged as such in the Global Hazard Grade Property and ETR UW Supporting Document - Link.

In addition to the industries listed as critical, also "virtual manufacturing companies" are treated as critical industries as well. Virtual manufacturing companies are companies which outsource > then 60 % of their "parts and subassembly production" or "product value chain" as part of their business model and as such are extremely dependent on their supply chain. Therefore, it is important to understand as early in the process the business model of the insured.

Note: Zurich has built a significant portfolio of "automotive" accounts and critical suppliers to the "automotive" industry. As accumulation scenarios have become significant the appetite is managed centrally by a dedicated "automotive" SME team.

5.4.4. Physical Damage Business Interruption Cover Extensions - Capacity Deployment

- Please see Appendix 1 for Public Utilities, Denial of Access, Civil Authority, Loss of Attraction

5.4.5. Additional Information

Refer to the Global "Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions" Property UW How to Document on Globuz 2.0 for additional information related to:

- Risk Appetite
- Critical Industries
- Capacity – Standard, Risk Method enabled and SME
- Scenario Based Calculation
- Wording guidance
- Physical Damage BI Cover extensions – Public Utilities, Denial of Access, Civil Authority, Loss of Attraction
- Definitions
- Examples of supply chain models and trends
- CBI:
  - SCM rating
  - Impact Analysis Questionnaire & Criticality rating
  - AI – Early Warning enabled / Zurich Partnership
  - Practical use of the capacity deployment tables
  - Accumulation of exposures
  - Narrative script
  - REDS Upload
- Reference Material

Please refer to Terrorism section for indication on Terror CBI.

6. Specific Industry Requirements

Although this section contains specific Industry minimum requirements, requirements set out elsewhere in this chapter and in other related ZUG chapters also apply.

6.1. Technical Risks

6.1.1. General

The intent of this section is to establish guidelines for the Technical Risk Segment and more specifically for the following Sub segments:

Segment	Sub-segment
Technical Risks	Chemical and Pharmaceuticals
	Molten Metals
	Pulp & Paper

All those listed as Technical Risks should be booked to Property

A full list of NAICS / SIC codes assigned to Technical Risks can be found here in the Global Hazard Grade Property and ETR UW Supporting Document in Globuz 2.0.

6.1.1.1. Capacity deployment

Please see Appendix 2 – Technical Risk Section.

In addition to the amounts shown in that section, it is also important to define our preferred method of participation in these higher hazard / volatility accounts.

While there is no substitute for expertise in each and every one of these industries, and having an intimate knowledge of each specific risk, as a general rule Zurich A) prefers to participate on a proportional / quota share basis; and B) where possible given our Capacity grids, to lead or co-lead the account. While some of the Hazard Grade 5 capacities may tend to limit our ability to achieve leadership status, it should be remembered that the capacity amounts shown in Appendix 2 are Gross Net; we always have the ability to leverage those amounts with facultative reinsurance. Reinsurers will want to follow our lead, given our Underwriting, Risk Engineering and Claims prowess. We should also always seek to leverage our global fronting, and especially our client relationship expertise.

While the concept of Portfolio Management is also very critical in these occupancies, those decisions and discussions will be limited to a very small handful of industry leaders across the globe. All other Underwriters should always lean towards implementation of the Capacity grids on a proportional basis. Since no accounts are black and white, dialogue with other senior experts in the relevant industry are highly encouraged, especially where no referrals are required.

6.1.1.2. Requests for Empowerment

For avoidance of doubt, there is no authority to underwrite any of the Technical Risks lines of business unless explicitly indicated in your UW Letter of Authority.

Additionally to what is prescribed in the Limit section, the following Mandatory restrictions (please also see Global Energy & Technical Risks Segment UW How to Document) require a request for empowerment before issuance of a binding quote:

- New business Hazard Grade 5 can only be underwritten / approved by an Underwriter holding UW level 4 or higher in the specified Technical Risks lines.
- Port Blockage covers is to be avoided. Where this is not possible, Zurich net exposures needs to be discussed with a level 5 or 6 Underwriter, and preferably be limited to USD 5mm or less our share.

- Any one-off (stand-alone) CAR/EAR/Builders Risk project is to be referred to the local Engineering Lines underwriter with the relevant underwriting authority. Such risks are to be ceded to the Engineering Lines portfolio/treaty – not the Property/Energy portfolio/treaty.
- Treaty reinsurance exclusions - Please note Appendix 5 lists Treaty Reinsurance restrictions.

6.1.1.3. Required minimum deductibles

Please refer to the Global Energy & Technical Risks Segment UW How to Document on Globuz 2.0 for detailed requirements for minimum Deductible levels.

6.1.2. Chemicals and Pharmaceuticals

6.1.2.1. Scope

This section applies to all Property business written in the Chemicals and Pharmaceuticals Sub-segment, namely PD, MB, including BI and extensions such as CBI, Service Interruption, Denial of Access or Extra Expenses. The classification of NAICS/SIC codes into the sub-segments can be found in the Hazard Grade on Globuz 2.0 list.

6.1.3. Molten Metals

6.1.3.1. Scope

This section applies to all Property business written in the Molten Metals Sub-segment, namely PD, MB, including BI and extensions such as CBI, Service Interruption, Denial of Access or Extra Expenses. The classification of NAICS/SIC codes into the sub-segments can be found in the Hazard Grade on Globuz 2.0 list.

6.1.3.2. Mandatory restrictions

In addition to what is prescribed in the Limits and Mandatory Restriction section, deviations to the following items require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
Molten Material Limit	In absence of a spill control (e.g. no proper diking and fire proofing) Zurich net and treaty exposure shall not exceed on all coverages combined, non-stacking sublimit of USD 10 million. Alternatively, coverage can be provided only when well in excess of the estimated damage as outlined by an engineering review and Zurich participation must be in excess of a sublimit that contain the molten material exposure.
Electric Arc Furnace Transformers	Fully functional spare EAF transformers to be on site If there are no truly viable spares on site, then exclude BI on that specific part and any consequential losses deriving therefrom for MB / Fire, UW would need to name the part that wish to exclude
Spare Parts Restrictions	Information on critical components is available. When critical components with long lead times are identified (e.g. gear sets, large motors, turbines, rotors, fans, variable speed motor controllers, blowers) spare parts to be in place. Only engineers will be able to supply us with the necessary information to evaluate the criticality of these parts. The deciding factor is tied to the Loss Estimates. If there are no truly viable spares on site, then exclude BI on that specific part and any consequential losses deriving therefrom for MB / Fire, UW would need to name the part that wish to exclude
Machinery Breakdown Coverage	Risk engineering review needs to include a thorough risk assessment of Machinery Breakdown, with full consideration of exposures based on the age and condition of critical plant. This assessment is to be conducted only by a Qualified to Preform (Q2P) Zurich Risk Engineer.
Service Interruption	It is imperative that the mill have fully adequate and redundant independent feeds for electricity and fuel. In the absence of either, coverage for SI should NOT be provided. The reason is the potential for the molten material solidifying within the containers and causing damage to them. This is further compounded by the time required to remove the solidified material from these containers. Even with both fuel and electricity duplicated, there should be an absolute minimum of a 24 hour waiting period, except in countries or regions where return of power could be delayed due to natural peril or reliability of power supply, where it should be no less than 72 hours.
Refractory Exclusion	Refractory is used to line the vessels holding molten materials. This refractory has a limited useful life and is constantly wearing out from the first moment of use. As such, the preferred methodology is to simply exclude all refractory from coverage. However, if this is totally unacceptable to the Insured and if appropriate values have been provided, we can provide coverage on an ACV basis based on the useful life of the refractory.
Radioactive Contamination Coverage / Exclusion	Many mills today are heavily involved in recycling metals. The source of these metals is not always clear and can represent a severe radioactive contamination exposure. Mills t have (and use) radiation detectors on ALL incoming loads of scrap as well as a final check before the material is added to the mix. Without this, we will NOT provide ANY coverage for this peril. If they have these elements in place, then we can provide some "limited" amounts of coverage. Provided Zurich net and treaty exposure shall not exceed on all coverages combined, non-stacking sublimit of USD 10 million

For more information on Manufacturing Process, please consult the Global Molten Metal How to Document in Globuz 2.0 and visit the SharePoint site

https://zurichinsurance.sharepoint.com/sites/001124/SitePages/SME%20Molten%20Metals.aspx

6.1.4. Pulp & Paper

6.1.4.1. Scope

This section applies to all Property business written in the Pulp and Paper Sub-segment, namely PD, MB, including BI and extensions such as CBI, Service Interruption, Denial of Access or Extra Expenses. The classification of NAICS/SIC codes into the sub-segments can be found in the Hazard Grade list on Globuz 2.0.

6.1.4.2. Mandatory restrictions

In addition to what is prescribed in the Limits and Mandatory Restriction section, deviation to the following items require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
Service Interruption	If the mill has their own independent power production capability and it's adequate to meet 100% of their demand, then the SI question is somewhat moot. However, if they don't generate any power or if they have to purchase supplemental power, then after careful consideration of exposure, there must be an absolute minimum of 24 hour waiting period, except in countries or regions where return of power could be delayed due to natural peril or reliability of power supply, where it should be no less than 72 hours.
Spare Parts Restrictions	Information on critical components is available. When critical components are identified (e.g. gear sets, large motors, transformers, vessels) spare parts to be in place. The following are the rolls that require spares: Fourdrinier machines will need the breast, suction couch, wire turning roll and dandy roll. Twin Wire machines need the couch, shoe press, press rolls, extended nip press roll, and suction pick-up roll. Cylinder machines have the cylinder rolls spared along with MG Formers. Tissue machines need the couch, breaker, forming, suction pick-up, suction press and Yankee dryer roll or Through Air Dryer roll spared. If the risk has a Yankee dryer roll, then they need to have a fully functional spare on-site. Only engineers will be able to supply us with the necessary information to evaluate the criticality of these parts. The deciding factor is tied to the Loss Estimates. If there are no truly viable spares on site, then exclude BI on that specific part and any consequential losses deriving therefrom for MB / Fire, UW would need to name the part that wish to exclude
Standing Timber	If the Insured owns forests, "standing timber" is standard policy exclusion and coverage will require a request for empowerment to Level 5 or 6 before issuance of a binding quote. This is not a coverage that is normally considered.
Machinery Breakdown / Boiler Explosion Coverage	Risk engineering review shall include a thorough risk assessment of Machinery Breakdown/Boiler Explosion, with full consideration of exposures based on the age and condition of critical plant. This assessment is to be conducted only by a Qualified to Preform (Q2P) Zurich Risk Engineer.

6.2. Energy

6.2.1. General

The intent of this section is to establish guidelines for the Energy Segment and more specifically for the following Sub segments:

Segment	Sub-segment
Energy	Upstream Exploration & Production
	Downstream (Oil Refining & Natural Gas Processing) Energy
	Heavy Chemicals (including Petrochemicals)
	Midstream Energy
	Mining
	Power Generation

All those listed as Energy should be booked to Energy

A full list of NAICS / SIC codes assigned to Energy can be found in the Global Hazard Grade Property and ETR UW Supporting Document in Globuz 2.0.

6.2.1.1. Sustainability and Thermal Coal Underwriting Strategy

See ZUG Chapter 16, Sustainability.

6.2.1.2. Capacity deployment

Please see Appendix 2.1 – Energy Section.

In addition to the amounts shown in that section, it is also important to define our preferred method of participation in these higher hazard / volatility accounts. While there is no substitute for expertise in each and every one of these industries, and having an intimate knowledge of each specific risk, as a general rule Zurich A) prefers to participate on a proportional / quota share basis; and B) where possible given our Capacity grids, to lead or co-lead the account. While some of the Hazard Grade 5 capacities may tend to limit our ability to achieve leadership status, it should be remembered that the capacity amounts shown in Appendix 2.1 are Gross Net; we always have the ability to leverage those amounts with facultative reinsurance. Reinsurers will want to follow our lead, given our Underwriting, Risk Engineering and Claims prowess. We should also always seek to leverage our global fronting, and especially our client relationship expertise.

While the concept of Portfolio Management is also very critical in these occupancies, those decisions and discussions will be limited to a very small handful of industry leaders across the globe. All other Underwriters should always lean towards implementation of the Capacity grids on a proportional basis. Since no accounts are black and white, dialogue with other senior experts in the relevant industry are highly encouraged, especially where no referrals are required.

6.2.1.3. Requests for Empowerment

For avoidance of doubt, there is no authority to underwrite any of the Energy & Technical Risks lines of business unless explicitly indicated in the UW Letter of Authority.

Additionally to what is prescribed in the Limit section, the following Mandatory restrictions require a request for empowerment to higher Level of authority before issuance of a binding quote. For further guidance, please consult the

Global Energy & Technical Risks Segment UW How to Document.

- Deductibles/Retentions – Level 4 sign-off for Deductibles/Retentions below the amounts specified in the Recommended Minimum Deductible section
- Any one-off (stand-alone) CAR/EAR/Builders Risk project: needs to be referred to the local Engineering Lines underwriter with the relevant underwriting authority. Such risks are to be ceded to the Engineering Lines portfolio/treaty – not the Property/Energy portfolio/treaty.
- New business can only be underwritten / approved by an Underwriter holding UW level 4 or higher in the specified Energy lines, where the Hazard Grade is 5.
- As a general comment, several of the Energy industries are subject to Corporate Responsibility, including ESG (Environmental, Social and Governance risks) policies and procedures. At the moment, there are specific references to dam construction, certain oil and gas E&P activities (including Oil Sands, shale gas and Artic / Antarctic drilling), mining operations, and a relatively new position on coal. Plus, some of these operations take place in countries with poor governance / human rights abuses, and require a special level of diligence. As these guidelines are constantly reviewed and evolving, they are not repeated here. Rather the Underwriter is reminded to follow ZUG Sustainability Chapter 16, which can be found on Globuz 2.0.
- Port Blockage covers are be avoided. Where this is not possible, Zurich net exposures is to be discussed with a level 5 or 6 Underwriter, and preferably be limited to USD 5 mm or less our share.
- Any exemption request to the Thermal Coal UW Strategy needs to be sent and agreed by Global head of Energy or Technical Underwriting prior to committing any firm quotation or indicative rate to customer and broker.
- Treaty reinsurance exclusions: Global UW sign-off

6.2.1.4. Accumulation Management and Control

Zurich is committed to managing and identifying Energy exposures to ensure that:

1. We maximize our line size on all Good and Excellent risks (in accordance with the relevant Capacity Grid), in order to build up a critical mass of premium to absorb the inevitable shock losses in these industries; and

2. At the same time, we never get out “over our skis” on any one risk. Even the very best of accounts can and do have severe losses in these industries.

Therefore, specific guidance is described below.

<table>
<tr><th>Sub-segment</th><th>Guidance</th></tr>
<tr><td>Upstream E&P</td><td>All new and renewal exposures are entered pre inception into Open Xposure system in accordance with the “Open Xposure Data Entry Rules.” All Policies are entered into this system from which we calculate our Platform aggregate over multiple Policies.

E&P will manage its Gulf of Mexico Windstorm accumulations separately within corporate guidelines.

It is essential that the E&P sub-segment track our cumulative exposure to an "Event Loss" at a single location involving multiple insured companies.

The E&P sub-segment can encounter this type of accumulation a) with joint venture Companies where the joint venture partners insure their interest, including LOPI and Contingent LOPI, in the Property separately, and b) Partnerships.</td></tr>
<tr><td>Downstream (Refining & Petrochemical) /Midstream & Heavy Chemical</td><td rowspan="3">It is essential that the sub-segment track our cumulative exposure to an "Event Loss" at a single location involving multiple insured companies.

The sub-segment can encounter this type of accumulation:

a) With joint venture Companies where the joint venture partners insure their interest in the Property separately

b) Partnerships;

c) Industrial parks with multiple insured processing facilities potentially exposed to the same event loss; and

d) Designated Customer interest in product and BI contribution.</td></tr>
<tr><td>Mining</td></tr>
<tr><td>Power Generation</td></tr>
</table>

For example, most refineries and petrochemical plants are built in “batteries”. One battery for instance could be the air separation plant, which could have separate ownership (Air Liquide, Linde, Praxair, etc.) from the main refineries. Furthermore, another battery could be a co-generation power plant with a completely different set of ownership. All of these could be not only exposing each other to CBI, but may also even all be in the same VCE / blast zone.

6.2.1.5. Other

Underwriters should refer to the Global Energy & Technical Risks Segment UW How to Document on Globuz 2.0 for details on:

- Required Minimum Deductibles
- Upstream - FPSO Underwriting Risk Insights
- Upstream - Arctic Drilling
- CRiBT for Mining
- Downstream and Midstream: Additional Considerations
- Power Generation - Specific Technology Considerations
- Power Generation - Data Base
- Power Generation - Business Interruption details

6.2.2. Upstream Exploration & Production (E&P)

6.2.2.1. Scope

This section applies to all Property business written in the E&P sub-segment, namely PD, Control of Well (CoW), Loss of Production Income (LOPI), and related Third Party Liabilities (TPL), Offshore Construction. Please see full list of Hazard Grades in the Global Hazard Grades Property and ETR UW Supporting Document on Globuz 2.0 to identify NAICS/SIC codes included under this sub-LoB.

The sub-segment E&P insures risks associated with the Exploration & Production of crude oil and natural gas, and includes the Construction of Fixed and Floating Properties involved in such E&P activities. In addition, it is not uncommon for certain transportation and storage operations ("Midstream" Energy) to be directly associated with, and underwritten together with, E&P accounts.

This section applies to:

E&P with Sum Insured greater than USD 7.5 million on a 100 percent basis.

Property and equipment covered

The following property and equipment are of the type covered within an E&P Policy:

- PD and associated policy interests (e.g. Sue & Labor, Removal of Wreck/Debris, etc.).
- Control of Well & Extra Expense.
- Loss of Production Income (JR 2005/003A LOPI wording or similar Production Loss Sustained wording, to be used where E&P is quoting in a leadership capacity).
- Contingent LOPI on a scheduled basis.
- Terrorism for Offshore Property.
- Third Party Liabilities when written as part of an E&P Package.
- Exploration and Production activities.
- Seepage and Pollution on a sudden and accidental basis or arising from Control of Well events or emanating from vessels.
- Offshore Pollution Liability Association (OPOL) and/or Outer Continental Shelf Lands Act (OCSLA) and/or Oil Pollution Act (OPA).
- Offshore Construction and development as defined below.
- Vessel liabilities associated with hull and machinery policies when written as part of a package policy.
- Offshore fixed and floating platforms, offshore storage systems, sub-sea facilities, offshore pipelines, other associated offshore equipment.
- Mobile offshore drilling units (including Floating Production Storage & Off-loading (FPSO)) and associated equipment.
- Offshore Construction and Installation projects.
- Land rigs, pumping stations, gathering stations, flow lines and/or other pipelines and property associated with the exploration and production of oil, gas and/or extractive businesses.
- Oil and gas products in the course of transit and/or storage.
- Onshore property (e.g. terminals, gas compression stations, warehouses, office accommodation, etc.) where such property is incidental (less than 30% of total values insured) and forms part of an E&P Policy.

The following are excluded under E&P policies;

- Onshore refineries, petrochemical and chemical plants, utilities,
- Property fixed to the shore and extending seawards, such as terminals, unless such property is incidental (less than 30% of total values insured) and forms part of an E&P Policy.
- Cyber risks (see Global Cyber Property UW How to document

- Compulsory Pollution Coverage excluding OPOL

6.2.2.2. Required Minimum Deductible

Please see Appendix 2 – Energy Section.

Any deviation to the table and conditions require a request for empowerment to Level 5 or 6 before issuance of a binding quote.

6.2.2.3. Mandatory Restrictions

In addition to the Mandatory Restrictions in Section 3 Limits and Mandatory restrictions, the following specific exclusions apply to all E&P business and require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
Arctic Drilling Operations	Arctic Drilling Operations - North of 10 degree Isotherm (Region about Latitude 66.5 North
Confiscation, expropriation, nationalization and deprivation	Confiscation, expropriation, nationalization and deprivation for fixed properties only
Floating Liquefied Natural Gas (FLNG)	
Multi-year contracts	Multi-year contracts without adequate cancellation provision and/or anniversary review provisions such as LSW 196A (London market Notice of Cancellation clause for long-term policies).
Onshore down-stream liabilities	Onshore down-stream liabilities written on an occurrence basis.
Onshore refineries/petrochemical or chemical plants	Onshore refineries, petrochemical or chemical plants and any installations within their boundaries.
Political risks	Political risks except in conjunction with standard war risk extensions.
Performance bonds & guarantee risks	Performance bonds and guarantee risks.
Radioactive contamination	
Seepage and pollution	Seepage and pollution unless caused by a sudden event or insured on a sudden and accidental basis. (Not applicable to OPOL and /or OCSLA and/or OPA).
Third Party Liability	Third Party Liability on a stand-alone basis.
Wind in the Gulf of Mexico	The wind peril for all fixed or floating Property located in the Gulf of Mexico

6.2.2.4. Account Pricing

The Upstream E&P Pricing Model (E&P PM) is the only acceptable and recognized Pricing Tool for calculating Model Price (MP) and determining Actual Price (AP) to Model Price (AP/MP) differential on Upstream E&P accounts in respect of operational and contractors' business. In respect of Construction All Risks (CAR) business written into the E&P account, refer to the Global Energy Upstream Property How to Document.

6.2.3. Downstream / Midstream Energy, and Heavy Chemical Occupancies

6.2.3.1. Scope

One of the most fundamental mistakes that many insurers make is to treat Refining and Petrochemical occupancies differently from "Heavy Chemical" occupancies. This guideline, and the related Hazard Grades, goes into very granular detail to separate the less hazardous Chemical occupancies from the more volatile, or "Heavy Chemical" occupancies. These distinctions are critical for 1) ensuring only "Licensed Drivers" are underwriting the more volatile occupancies; 2) ensuring we are assigning each risk to the appropriate treaty(ies); and 3) ensuring we use the appropriate Capacity grids on a consistent basis to manage volatility, and profitability, across our business.

As such, this section applies to all Property business, namely PD, MB, including BI and extensions such as Debris Removal, CBI, Service Interruption, Denial of Access or Extra Expenses, written in the following businesses:

- Downstream Energy. Consisting of the refining of crude oil and processing of natural gas. While some companies may also combine the Petrochemical occupancies of the Chemical SIC codes into this class, Zurich is maintaining a more purist view and keeping those occupancies coded with "Heavy" Chemicals;
- Heavy Chemical Occupancies. All as more granularly delineated on the full list of Hazard Grades attached. In general, these are occupancies in the Chemical SIC codes, including Petrochemicals, which have the following generic characteristics: Propensity for Vapour Cloud Explosions; and/or large quantities of flammable liquids undergoing significant exothermic reaction; and/or very large volumes of high temperature / high pressure flammable gases and liquids under pressure.
- Midstream Energy. This sector is very broad, and involves the transportation (by pipeline, oil/gas tanker, rail or truck) and storage (ports, terminals, tank farms) of various Oil, Gas, and Chemical products. Midstream operations can be between Upstream and Downstream operations, Downstream and Petrochemical operations, or between various stages of Chemical operations. Clearly the scope of this guideline does not cover Marine (tanker) transportation perils, but traditional onshore transportation and storage perils.

Please see full list of Hazard Grades in the Global Hazard Grades Property and ETR UW Supporting Document on Globuz 2.0 to identify NAICS/SIC codes included under this sub-LoB.

Exceptions:

Since this guideline can also apply to smaller Retail or Commercial Insurance (Middle Market) business (e.g. a small Oil & Gas installations in a factory operating in a different segment/industry, motors/pumps including associated service tanks but NOT tank farms), there is an exception to having to use the Energy Section of the Property ZUG and to code Oil & Gas business to Energy for very small accounts. This exception applies to both Retail and Commercial Insurance business where:

- Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) is less than **USD 10 million** on a 100% basis per account, plant or location.

Oil & Gas (distribution, exploration, production) business in excess of the above parameters is deemed to fall within the standard Property Energy underwriting authority and written within Property Energy business.

6.2.3.2. Required Minimum Deductibles

Please refer to the Global Energy & Technical Risks Segment UW How to Document, for detailed requirements for minimum Deductible levels.

Conditions applying to Oil Sands Technologies

Oil Sands projects present complex operational issues and numerous exposures that require a complete risk evaluation of all aspects of risk. The combination of the upstream production of the crude oil supply (typically utilising surface mining techniques, or SAGD – Steam Assisted Gravity Drainage) with the refining/processing of bitumen challenges the standard understanding of a refining risk. Underwriters have to be experienced in all aspects of Oil Sand Facilities in order to evaluate such risks. Lengthy experience in refining industries is not sufficient for someone to underwrite Oil Sands projects, and Underwriters are required to seek out someone with adequate experience to assist (or refer to the Global Head of Energy). For SAGD technologies, Upstream Underwriters and Risk Engineers are engaged; Mining Underwriters and Risk Engineers should be engaged for the surface or strip mining methods of Oil Sands recovery.

il Sands projects are most popularly found in Canada, with other large reserves known to exist in Venezuela, as well as Russia and Kazakhstan. Particular attention should be paid to cold temperature environments, particularly in Canada and Russia, when evaluating our appetite for risk when BI and/or EE is covered.

Please note that the following applies to all Zurich offices underwriting Oil Sands business, irrespective of producing office/region/location, or whether new or renewal business:

Mandatory Policy Terms / Deductibles

- The BI / Time Element deductible shall be a minimum of 120 days for Oil Sands; warmer weather environments (defined as locations where the average winter temperature is not below freezing for more than 2 straight months) have a minimum of 90 days deductible.
- BI Valuation and recovery for crude oil tshould be agreed pre-binding with maximum price per barrel (cap) not to exceed 10% of the actual spot barrel price.
- In no case should the BI cap provide for an escalation allowance (i.e. should the per barrel cap be less than or equal to per barrel price used in calculating the actual BI loss).

Additional Underwriting Conditions

- Complete and thorough review of BI Worksheet and other supporting financial data, understanding of revenue contribution from primary process/less complex refined product to the revenue stream.
- BI / Time Element Exposure Basis are rated at full true-value without any consideration to possible reduction in restoration period. No consideration is to be given to influence to Loss Limit or Excess Layer, as an attempt to reduce the premium for the BI exposure.

Conditions Applying to all other refining and petrochemical risks

Attachment Level

For non-OIL placements, please utilize the deductibles found in the Global Energy & Technical Risks Segment UW How to Document. For OIL Wrap placements, the BI/Time Element deductible is to be a minimum of 90 days or 60 days waiting period and an additional USD 50 million Combined Single Limit. Exceptions to this are referred to an Underwriter holding level 6 authority in Downstream / Heavy Chemical industries.

Line size

Please see Appendix 2 for Capacity deployment.

Additional Underwriting Conditions

Complete and thorough review of BI Worksheet and other supporting financial data, understanding of revenue contribution from primary process/less complex refined product to the revenue stream which will lessen the impact to the BI loss, and stockpile of raw crude which will allow the operation to continue. In addition, in such an integrated industry, it is critical to ascertain all meaningful Suppliers and Receivers of an insured's product. Saudi Armco, as but one example, is a major / single source gas supplier to many "downstream" chemical and petrochemical companies. Even if we do not insure SA, or they do not buy BI coverage, it is critical that we are aware of all of the exposures Zurich writes where the loss of a single gas plant could affect more than one of our insureds from a CBI/supplier viewpoint. While Zurich does not currently have sophisticated / automated systems to manage these accumulations, we will be initiating work shortly with our team of global Subject Matter Experts in this space to find the most efficient and effective short term solutions. In the meantime, it is critical that ANY time an Underwriter is insuring assets outside of their home country in any of these industries, detailed dialogue take place with senior Downstream / Heavy Chemical underwriters in our other Centres of Excellence. When in doubt, the maximum lines shown in the Capacity Grids should be reduced as a conservative approach towards managing unknown accumulation risks.

6.2.3.3. Mandatory Restrictions

In addition to the Mandatory Restrictions as per Limit section, the following specific exclusions apply to all Oil & Gas business. Any deviations require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
CAR / EAR / Builder's Risk:	CAR / EAR / Builder's Risk: Sublimits for CAR/EAR/Builder's Risk coverage within Property policies (combined Policies) must only be for incidental construction/erection – incidental is deemed to be anything up to, and including, a total contract value of USD 10 million for Zurich's gross share, or USD 100mm on a 100% account basis, whichever is less. Such sublimits must not provide coverage for ALoP/DSU. Any one-off (stand-alone) CAR/EAR/Builders Risk project must be referred to the local Engineering Lines underwriter with the relevant underwriting authority. Such risks are to be ceded to the Engineering Lines portfolio/treaty – not the Energy portfolio/treaty
Mega Energy Companies	For Mega Energy Companies, defined as Refining or Heavy Chemical (including Petrochemical) companies with annual turnover greater than USD 50BN, or assets greater than USD 100BN, Zurich requires a Self-Insured Retention of at least USD 10mm above the deductibles shown in the Global Underwriting Manual – Energy & Technical Risks Segment
Control of Well and/or Operator's Extra Expense Coverage	All Control of Well and/or Operator's Extra Expense Coverages are to be referred to the Upstream E&P team.
Crude oil, natural gas, gas liquids, or other minerals Exploration & Production	All Crude oil, natural gas, gas liquids, or other minerals prior to initial recovery above ground are to be referred to the Upstream E&P team.
Drilling and production platforms	All Drilling and production platforms, including rigs, derricks, and equipment are to be referred to the Upstream E&P team.
OIL Wrap Programs	All OIL Wrap Programs
Property Offshore	All Property Offshore, except fixed structures extending beyond the shoreline and/or mean low tide level but attached to the dry land which shall be deemed to be Onshore;

6.2.4. Mining

6.2.4.1. Scope

This section applies to all Property business written in the Mining Sub-segment, namely PD, MB, including BI and extensions such as Debris Removal, CBI, Service Interruption, Denial of Access or Extra Expenses. Please see full list of Hazard Grades on Globuz 2.0 to identify NAICS/SIC codes included under this sub-LoB.

Exceptions:

Since this guideline can also apply to smaller Retail or Commercial Insurance (Middle Market) business (e.g. a small mining site), there is an exception to having to use the Energy Section of the Global Energy and Technical Risks Segment UW How to Document and to code Mining business to Energy for small accounts. This exception applies to both Retail and Commercial Insurance business where:

- Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) is less than **USD 25 million** on a 100% basis per account, plant or location

OR

- MB coverage is on a stand-alone basis, this exception only applies where the MB Total Sum Insured (Material Damages for MB part only + MB-BI) is less than **USD 10 million** on a 100% basis per account, plant or location.

6.2.4.2. Required Minimum Deductible

Please refer to the Global Energy & Technical Risks Segment UW How to Document on Globuz 2.0 for detailed requirements for minimum Deductible levels.

6.2.4.3. Mandatory Restriction

In addition to what is prescribed in the Limits and Mandatory Restriction section, deviation to the following items require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
CAR / EAR / Builder's Risk / Civil Works	Sublimits for CAR/EAR/Builder's Risk coverage within property policies (combined policies) must only be for incidental construction/erection – incidental is deemed to be anything up to, and including, a total contract value of USD 10 million for Zurich gross share, or USD 100mm on a 100% account basis, whichever is less. Such sublimits must not provide coverage for Advanced Loss of Profits (ALoP)/Delay in Start Up (DSU)
Flood/Dewatering	Flood/Dewatering must be excluded. This clause excludes all costs associated with the removal of flood water from open pits or underground workings, including BI or Time Element loss (if applicable) resulting from such removal of flood water from open pits or underground workings.
Flood in underground mines	Flood in underground mines must be excluded PERMISSIBLE BUYBACK - Coverage may be provided for damage solely and exclusively caused by flood water entering underground portions of the mine via man-made openings.
Mega Mining Companies	No coverage shall be provided for the Mega Mining Companies, defined as Mining companies with annual turnover greater than USD 50BN, or assets greater than USD 100BN.
New Underground Coal Exposures	In addition to CRiBT policies governing this occupancy anyway, all underground coal exposures being considered as new business shall be signed-off by ZRE – Mining Centre of Excellence
Queensland, Australia	Exposures situated Queensland, Australia – Because of the potential for large accumulations associated with weather related perils, all mining operations situated Queensland, Australia shall be referred.
Standalone High Wall Mining Operations	No coverage shall be provided for Standalone High Wall Mining Operations
Strikes, Riots, and Civil Commotion in Specified Territories*	Strikes, Riots, and Civil Commotion in Specified Territories* are required to be excluded where possible; however, subject to provision (i) hereunder, limited coverage may be offered. Zurich N&T exposure shall not exceed an all-coverages-combined, non-stacking sublimit of USD 10 million. *For the purpose of the Strikes, Riots, and Civil Commotion exclusion, Specified Territories shall include all locations worldwide except: Australia, Canada, Finland, France, Germany, New Zealand, Norway, Spain, Sweden, United Kingdom, United States.
Tailings Dams and Heap/Leach Facilities	Tailings Dams and Heap/Leach Facilities are Civil Works and are required to be excluded where possible; however, subject to provisions (i) to (iii) hereunder, limited coverage may be offered. Zurich N&T exposure shall not exceed an all-coverages-combined, non-stacking sublimit of USD 10 million. Coverage shall not be offered to locations with ZRE RQR >100. Equipment thereon/therein shall not be subject to this restriction.

Critical Extension of Coverage

1. When coverage is provided and where possible, the following Critical Extensions of Coverage should be made subject to reasonable sublimits and should only be provided on an all-coverages-combined, non-stacking basis.

a) Earthquake.

b) Flood.

c) Windstorm.

d) Accidental Damage.

e) Events Occurring Underground.

f) Landslide, Collapse & Subsidence.

g) Machinery Breakdown.

2. Debris Removal should only be provided on a hard dollar limit basis.

a) Percentage of loss sublimit subject to a hard dollar limit maximum is acceptable; percentage of loss subject to hard dollar limit minimum is not acceptable.

b) "Whichever lesser" is acceptable; "whichever greater" is not acceptable.

c) Hard dollar limit should not expose more than 10% of Zurich Energy's allocated N&T Capacity.

3. Specialty lines of coverage* should not be included within the energy policy; however, when unavoidable, the underwriter shall:

a) Seek and follow the advice of a Senior Underwriter responsible for the line of coverage being considered.

b) Limit Zurich Energy's exposure to not more than USD 5 million N&T.

* Specialty lines include but are not limited to Aviation, Fine Arts & Specie, Ocean Marine, and Railroad & Railway Rolling Stock.

4. BI best practice:

a) Non-standard BI provisions are not permitted.

b) Scheduled Suppliers and Customers should be limited to those entities critical to the ongoing operations of the insured, which cannot easily be replaced, and to which the insured's exposure exceeds any blanket limit provided; 'Laundry Lists' of scheduled Suppliers and Customers should not be accepted.

c) Period of Indemnity should not exceed 12 months as respects mining operations and all contingent exposures; 18 months as respects process facilities.

d) We should ideally seek BI indemnity wording which excludes Business Interruption when stockpiles are depleted to meet supply contract requirements, with insurers covering the cost of any extra expenses to replenish stockpiles after a loss.

6.2.4.4. Additional Considerations

Flood Exposed Risks

With its frequency of occurrence and impact on underwriting results and profitability, flood exposure in mining risks cannot be considered fortuitous.

When developing the insurance program for accounts containing locations exposed to flood, increased underwriting diligence and additional review of flood exposure is required.

Minimum Information required for underwriting Flood Exposure.

- Knowledge of Site Topography: (a) Distance from rivers, aquifers and other waterways; (b) Elevation of the site; (c) Terracing and water flow patterns.
- Knowledge of Flood Mitigation Plan: (a) Details of installed flood preventative measures; (b) Pumping capacity available at the site; (c) Value of equipment continuously situated in pit or underground; (d) Planned improvements.
- Knowledge of Warning measures in place (installed by site, 3rd party under contract by site, or local authorities), time between warning of impending flood and event impacting the site
- Knowledge of Flood Impact on Site Egress/Ingress, Transportation and Other Contingent Exposures – may severely increase BI/Time Element Loss.
- Business Continuity Plan.

Notwithstanding the above, the mandatory Flood/Dewatering Provision is applicable on all mining business, wherever situated anywhere in the world.

6.2.5. Power Generation

6.2.5.1. Scope

This section applies to all Property business written in the Power Generation Sub-segment, namely PD, MB, including BI and extensions such as Debris Removal, CBI, Service Interruption, Denial of Access or Extra Expenses. Please see full list of Hazard Grades on Globuz 2.0 to identify NAICS/SIC codes included under this sub-LoB.

As of 01 January 2022, Zurich shall be non-renewing our agreement with the MGA that had been writing our larger wind, solar and Battery Energy Storage Systems (BESS) business. For avoidance of doubt, unless your Letter of Authority clearly and explicitly states that you have authority to underwrite Onshore wind turbine power plants greater than 25 MW; Offshore wind turbine power plants (of any size); Solar power plants greater than

25 MW, and/or BESS, then your power generation authority does not allow you to write any (new or renewal) business in these categories.

It is recognized that in a very few exceptional cases, exemptions have been granted in the past to a small number of accounts to be underwritten on an operational basis. For renewal of these accounts, confirmation should be obtained from someone holding Operational LOA for alternative energy as to the proper path forward (or come directly to the Global Head of Energy if in doubt).

Further, coding (including treaty cessions) of any coverage element of operational Power Generation business is exclusive to Energy either for All Risks business or fully stand-alone MB cover. All except as shown below.

Exceptions:

Since this guideline can also apply to smaller Retail or Commercial Insurance (Middle Market) business (e.g. a small factory having a PV plant on the roof or residential buildings with geothermal heating), there is an exception to having to use the Energy Section of the Global Energy and Technical Risks Segment UW How to Document and to code Power generation business to Energy for small accounts. This exception applies to both Retail and Commercial Insurance business where:

- Property/Energy Material Damage coverage including MB coverage (Property MD comprehensive of MB part + MB-BI) is less than **USD 25 million** on a 100% basis per account, plant or location

OR

- MB coverage is on a stand-alone basis, this exception only applies where the MB coverage (Material Damages for MB part only + MB-BI) is less than **USD 10 million** on a 100% basis per account, plant or location.

Onshore Alternative Energy business accounts fall within the above general limit and the following technical specifications:

- Solar PV and Wind with power output < 25 MW; and
- Battery Energy Storage Systems (BESS - NAICS 221118A) with capacity < 25 MW/h

The UW is requested to comply with the How to document Global Energy and Technical Risks segment.

6.2.5.2. Required Minimum Deductibles

Please refer to the Global Energy & Technical Risks Segment UW How to Document on Globuz 2.0 for detailed requirements for minimum Deductible levels.

6.2.5.3. Mandatory Restriction

In addition to what prescribed in the Limits and Mandatory Restriction section, the following items require a request for empowerment to Level 5 or 6 before issuance of a binding quote:

Item	Restriction
CAR / EAR / Builder's Risk	Sublimits for CAR/EAR/Builder's Risk coverage within Property policies (combined Policies) must only be for incidental construction/erection – incidental is deemed to be anything up to, and including, a total contract value of USD 10 million for Zurich's gross share. Such sublimits must not provide coverage for ALoP/DSU. Any one-off (stand-alone) CAR/EAR/Builders Risk project must be referred to the local Engineering Lines underwriter with the relevant underwriting authority. Such risks are to be ceded to the Engineering Lines portfolio/treaty – not the Energy portfolio/treaty.
Integrated Gasification Combined Cycle (IGCC) Plants	All Integrated Gasification Combined Cycle (IGCC) Plants.
MB component coded to Engineering Lines	The peer function in Engineering Lines must be copied in the request for empowerment submission.
Nuclear Power Plants (including Nuclear Pools)	All nuclear power generation facilities are Power reserved to Global Underwriting
Sustainable Energy classes	Unless specifically indicated in the Letter of Authority, the below cannot be underwritten (new or renewal business) Offshore wind turbine power plants (of any size); Onshore Wind & solar farms (PV and thermal) in excess of 25MW total installed capacity per account; BESS; Concentrated Solar Power; Wave and tidal energy All exemptions are powers reserved to Global Underwriting.
Generation technology restrictions (e.g. combustion turbines)	For technical guidance and underwriting restrictions on specific generation technology please refer to the applicable sections in the Global Energy & Technical risks segment for Power generation and the applicable sections of the PowerGen Wikipedia.
Prototypical Technology	Prototypical technology with a object insured of more than USD 2 million
Replacement Power	All coverage for replacement power

6.2.5.4. Mandatory Restriction – Sustainable Energy

In addition to the Power Gen restrictions above, the following Mandatory restrictions apply for Sustainable Energy. The same table can be found in Appendix 1 under Sustainable Energy

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td rowspan="3">Energy Sustainable</td><td>Capacity Deployment Line Setting</td><td rowspan="3">Coverage</td><td>x</td><td>x</td><td>nil</td><td>nil</td><td>nil</td><td>nil</td></tr>
<tr><td>Coverage on T&D lines beyond guideline restriction of 1.5KM from generating premises.

Any deviation regardless of authority level is restricted on basis of named lines only and further as per underwriting authority level.

N&T exposure PD/BI not to exceed an all-coverages-combined Z net capacity (million / USD) of:</td><td>10</td><td>5</td><td>2.5</td><td>nil</td><td>nil</td><td>nil</td></tr>
<tr><td>Any BI policy extensions including parametric type coverages for pre-defined events (pure financial loss / reduced output due to environmental/external events) as part of BI coverage</td><td colspan="6">Power reserved to Global Underwriting UW</td></tr>
</table>

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	Broker manuscript wordings	Terms & Conditions	x	x	x	nil	nil	nil
	Any deviation from/omission of serial Loss clause		x	x	nil	nil	nil	nil
	Any deviation from/omission of serial defects clause		x	nil	nil	nil	nil	nil
	Any deviation from/omission of micro cracking clause on accounts containing Solar PV assets		x	x	nil	nil	nil	nil
	Any deviation from min required deductible levels		x	x	nil	nil	nil	nil
	Any defects exclusion broader then LEG2/DE4		x	x	nil	nil	nil	nil
	Units under ZRE unit database status Unproven/Issues/Discontinued	Technology	x	x	nil	nil	nil	nil
	Engineering assessment for Underwriting purposes outside of Sustainable energy ZRE protocol		x	nil	nil	nil	nil	nil
	Prototypical equipment		Power reserved to Global Underwriting UW					
	BESS assets covered on standalone basis		x	x	nil	nil	nil	nil
	BESS assets as part of a larger program (As max percentage of TIV)		x	x	max 5%	max 2.5%	nil	nil
	Rooftop mounted PV		x	x	x	nil	nil	nil

6.3. Nuclear Pools

6.3.1. Scope

This section applies to all Property business written in the Nuclear Pool segment, namely PD, MB, including BI and extensions, such as Debris Removal, CBI, Service Interruption, Denial of Access, Extra Expenses, etc. – no matter what size or type of participation.

All Nuclear pools are powered reserved to Global Property Underwriting.

6.3.2. Risk Appetite

Zurich's appetite for voluntary Pool participation is consistent with our overall voluntary underwriting appetite - those risks where we know and understand the exposures.

Due to Zurich's direct and/or indirect involvement in many Nuclear Pools and internal accumulation concerns, we will endeavour to limit our participation to domestic risks only (i.e. where country of Nuclear Pool is the country of risk) where Nuclear Pool regulations allow.

Nuclear Pool acceptances are not covered within our traditional reinsurance treaty arrangements. We can only use net capacity for Nuclear Pools. We do not wish to expose more than our normal per risk net capacity than we would normally write for business in that country, but in any case not to exceed Net limits and Clash Limits.

Also, Zurich's net participation shall not exceed our estimated market share in the country of risk.

Our preferred participation is where liabilities are several, thus limiting credit risk exposures.

Special considerations:

- Where possible we will avoid participation for foreign risks (meaning the Pool's assumed reinsurance of other Pools risk.) due to the lack of RE influence and credit risk exposures.
- We will not provide coverage for the production or disposal of Nuclear Material (means the production, manufacture, enrichment, conditioning, processing, reprocessing and disposal of Nuclear Material).
- Loss or damage to Third Party Property or Bodily Injury caused by irradiation and contamination by Nuclear Material are to be excluded.
- Clean-up and Decontamination costs for insured property should be limited where possible (e.g. up to a maximum limit of USD 10 million each and every loss).

6.3.3. Credit Risk

Some Pool structures are such that participating companies take a share of the Pool, and are only liable for that share, regardless of the ability of other Pool participants to meet their financial obligations while many other Pool structures are based on the principles of several and/or joint liability. For compliance reasons many Pools involve fronting elements, where one or several admitted company's front for the entire limits, and then cede the risk to the Pool participants or to other Pools which likewise cede to their participants and/or other re-insurers.

Pools that involve reinsurance or fronting shall comply with ZUG Chapter 14 - Captives and Other Risk Sharing Solutions. It is the duty of the referring underwriter(s) to analyse the credit risk exposures inherent in the risk and to provide that information as part of the request for empowerment.

6.3.4. Recommended Minimum Deductibles

A minimum deductible of USD 5 million for property Damage and 120 days for BI is recommended.

Typically, any physical damage occurring at a nuclear power plant is subject to an exhaustive review by the owners, operators and/or Government bodies. Such reviews, and associated repairs, are not only expensive but may force the closure of the plant for long periods. As such deductibles have tot be of an appropriate level.

6.3.5. Accumulation Control

Countries are responsible and accountable for entering exposure data into accumulation tools. In the interim a global accumulation tool is in place, Global Underwriting maintains an internal accumulation control database for Nuclear Pools to measure and quantify our aggregated net exposure from Zurich's participations via the various Pools.

6.3.6. Requests for empowerment

Pool authority is a Power reserved to SMEs.

For requested pool participation the linked form is to be completed and sent to Global Property Underwriting in order to obtain approval.

See Global Pool Underwriting Information Liability and Property UW Supporting Document on Globuz

2.0.

7. Coverage, Wording, Terms and Conditions

7.1. General Principles

The principles and process of this section is to be adhered to for any property wording be it Standard or Non-Standard. The below refers to the Property LoB specific minimum requirements to be considered.

7.1.1. Minimum requirements for All Risks Property Wordings

For a detailed list of recommended exclusions and considerations please consult the How To Document "All Risks Wordings-Insuring Clauses".

7.1.1.1. All Risks Wordings

All Risks insuring clause (sudden and accidental physical loss or damage). For ZNA also “direct physical loss or damage”. For a complete list of all exclusions, please refer to the Global Insuring Clause how to document

7.1.1.2. Exclusions for gradually operating causes

Gradually operating clauses such as wear and tear, corrosion, wet or dry rot, contamination/pollution etc. should always be excluded. It should not be seen as a full replacement for the “sudden” requirement, but should be a minimum requirement for policies, where the “sudden” requirement is missing.

7.1.1.3. Exclusions for non-fortuitous causes

Non-fortuitous (accidental) causes should always excluded in an All Risks policy. They should not be seen as a full replacement for the “sudden and accidental” requirement, but should be a minimum requirement for policies, where the “accidental (or unforeseen) requirement is missing, in particular the policies based on “direct physical loss or damage”. Examples for such causes are faulty or defective design or materials inherent vice or latent defect, faulty or defective workmanship or property being worked upon.

7.1.1.4. Exclusions for non-physical damage

Any type of non-damage coverage is to be avoided (apart from specific approved and limited extensions). A physical or material damage condition should always be included in the Business Interruption section.

7.1.1.5. Treatment of ensuing/resulting damage

It is important to understand how ensuing/resulting damages are handled, especially in the situation of CAT perils. Besides the All Risks coverage operation and interpretation in different jurisdictions (proximate cause vs. covered cause of loss principles), special attention should be given to the definitions of CAT perils (which may differ significantly from market practice) under manuscript forms (e.g. Fire following Earthquake, Tsunami as part of Earthquake or Flood coverage or Storm Surge as part of Windstorm or Flood cover).

7.1.1.6. Further exclusions

Any peril that is sub-limited under an All Risks form (e.g. boiler and machinery breakdown, burglary/theft) should be excluded under the All Risks section and written back as a Named (Defined) Peril.

7.1.2. Standard exclusions that apply to all wordings (incl. Named Perils)

7.1.2.1. Exclusions, which relate to property insured

Unless the insured property is named and defined in the policy (e.g. buildings, machinery and equipment, stock) and other type property which is normally part of more specific insurance (non-property risks), should be excluded. Limited write-back options can be agreed in accordance with these guidelines and empowerment. Examples for such risks are money, fine arts, property in transit, property in course of construction/erection, watercraft/aircraft/spacecraft (other than stock manufactured by the insured, animals, growing crops and standing timber, land and water, civil engineering constructed risks (CECR) incl. transmission and distribution lines outside the insured premises (less than 1,500 m), underground property and vehicles licensed for road use. Energy risks, such as mining and offshore risks should be excluded unless part of specific accounts written under the Energy treaties..

7.1.2.2. Absolute Exclusions

Exclusions, which may not be written-back and require prior approval by Global Property Underwriting.

a) War, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law, confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any Government or public or local authority.

b) Acts of Terrorism.

c) Nuclear Energy risks and Radioactive Contamination

d) Cyber

e) Infectious Diseases (Communicable Disease)

f) Other Treaty exclusions as per Appendix 1 – all Power reserved to Global Underwriting UW

For Cyber and Communicable Diseases refer to following sections.

7.1.2.3. Country specific exclusions

Loss or damage or consequential loss which can be covered by any:

a) government or public authority compensation scheme;

b) compulsory insurance (other than where such cover is required to be provided by the Insurers or their representatives or associated companies);

c) insurance pool;

d) local monopoly insurer;

e) natural catastrophe insurance scheme; or

f) similar insurance scheme.

See the Zurich Prime Master form for a list of identified governmental schemes and pools that should be addressed.

7.2. Cyber

All policies shall contain an approved cyber exclusion in line with the How To Document «Cyber

Property» and using either the preferred or approved exclusionary language included in said How to Document.

The Country Heads of Property are responsible to make sure that all Standard policies will be reviewed to meet these requirements.

7.2.1. Exclusion

Cyber Endorsement

An approved exclusionary Cyber and Data exclusion endorsement in line with Section 5 of the How To Document «Cyber Property» shall be added to all policies (Non-Standard) where we do not control the wording to ensure that requirements outlined in the first paragraph are fully met. This includes but is not limited to competitor wordings, follow-form, broker, manuscript forms, reinsurance agreements or local IPZ policies issued by network partners using local wordings.

Write-back

Write-back cover for ensuing perils (beyond fire and explosion plus, for ZNA, discharge from sprinkler systems) can only be written by underwriters or SMEs with the respective empowerment (see Request for Empowerment process in Section 11 of the How To Document).

Note that for a significant part of our treaties the write back is limited to these perils (i.e. physical damage to insured property directly resulting therefrom and consequential business interruption loss) equipment breakdown, fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, water damage, freeze or weight of snow

Zurich proprietary or standard forms shall be updated to integrate the approved Cyber and Data exclusionary language as soon as possible and replace any outdated language to avoid ambiguity or contradictions in the wording. Where wordings have not been updated the approved exclusion endorsement shall be added as an immediate measure, wherever possible (except e.g. due to regulatory filing requirements where the risk must be mitigated as soon as possible).

Electronic Data

In general, Electronic Data (in the US/Canada also known as digital assets) is to be excluded from the insured property. It's a treaty exclusion and power reserved to CI Global and coverage can only be provided for the replacement and restoration of data (incl. consequential business interruption) resulting from a physical damage by an insured peril to insured property (e.g. EDP media)

This exclusion also applies to non-Cyber-related losses and the write back on a part of our treaty placement is limited to the named perils listed above under "Write back" Therefore, attention should also be paid when covering the restoration/reinstatement of data for non-Cyber perils (e.g. Computer Systems Damage or traditional cover for Valuable Papers and EDP media) and Electronic data should be specifically sublimited and can only be written by UW or SME with the respective empowerment.

Write back

The Cyber Exclusion clauses address the cover for loss of data in different ways, but write-back for covering the replacement, restoration or recollection of data should be based on the following principles:

- The cover is only provided following a physical loss or damage to data processing media (storage media), and
- The physical loss or damage results from an insured peril (e.g. written-back ensuing cyber peril or a peril otherwise insured by the policy)
- The restoring of data should be limited to the costs of copying the data from the latest back-up.
- When coverage is extended to cover costs and expenses to replace, restore or recollect the data from written records or from an older or partial back-up a condition to back-up the data at least on a weekly basis is included in the policy
- A low and reasonable sublimit in the line with the limits shown in the Appendix 1 is included for any cover that includes Electronic Data.

7.3. Infectious Diseases (Communicable Diseases)

All standard policies have to contain an exclusion for bacteria, virus and diseases and a material damage trigger in line with the How To Document «Infectious Diseases and Non-physical damage Business Interruption» and follow the approach defined as "Standard Approach" in said How to Document.

The Country Heads of Property are responsible to make sure that all Standard policies will be reviewed to meet these requirements.

7.3.1. Exclusion

Infectious Diseases (Communicable Disease)

An approved exclusionary endorsement for Infectious Diseases (Communicable Diseases) in line with the How To Document «Infectious Diseases and Non-physical damage Business Interruption» is to be added to all policies (Non-Standard) where we do not control the wording to ensure that requirements outlined in the first paragraph are fully met. This includes but is not limited to competitor wordings, follow-form, broker, manuscript forms, reinsurance agreements or local IPZ policies issued by network partners using local wordings.

Write-back

Write-back cover for ensuing perils or limited affirmative non-damage Business Interruption coverage involving any type of Diseases in Property or Energy policies can only be written with prior authorization of Global Property Underwriting. This includes also (if empowerment has been previously granted to a country/region) any wording deviating from an approved preferred clause providing limited affirmative cover as outlined in the How To Document «Infectious Diseases and Non-physical damage Business Interruption»

7.4. International Program wording guidelines for local policies

This Section applies to local policies instructed by a Producing Country (PC) for issuance by the Receiving Country (RC) network. The wording used for Master Policies issued in the PC is not part of this process.

7.4.1. Standard approach

Where locally available, Prime is mandatory for All Risks local policies issued in the Receiving Countries (RC) by the Zurich International IP network. Use of Named Perils local wordings (where available) remains permissible.

When implementing/instructing a new program or renewal the PC Underwriter sets the local wording to "Prime" except for cases where a Standard Named Perils local wording had been agreed or a full manuscript (exported wording) or broker local wording had been approved previously.

IP Property is a standard wording proposition and our Producing Country (PC) underwriters use standard wordings and rely on the IP concept of "Difference in Conditions" (both on a FOS/non-admitted or on a FInC-basis) as far as possible.

7.4.2. Exceptional use of local All Risk wording (Countries/Entities, where Zurich Prime is available as a standard)

If a PC wishes to issue a local All Risks wording **(without manuscripting)** in a country/entity where Prime is available, then this a request of empowerment has to be sent to Global Head of Property or SME. The reasons for deviation are tobe noted in the narrative of the referral log used.

In the exceptional cases, where manuscripting of local All Risks wordings or use of exported wordings cannot be avoided, see Sections 7.1.3. and 7.1.4

Please see MIAinT (MIA in territory) under Wording Capabilities to identify potential manuscripting needs on local wordings (All risks or Named Perils).

7.4.3. Manuscripting of Zurich IP Standard wording

Manuscripting of Zurich IP Standard Wordings **is not permitted** and any exception are to be authorized by the Global Head of Property or a SME. The approval will only be granted for exceptional cases to meet the needs of Global Relationship customers (for the use of local All Risks wordings, the process as per 7.1.2 is first be adhered to).

Any manuscripting of RC wordings is treated as non-Standard and will in general trigger higher network cost fee (NCS).

With "manuscripting", we mean:

- Any customization of **Zurich Prime**– SME are identified
- Any customization of **Local Standard Wordings (incl. Edge for the US and Canada) –** SME are identified

including the schedule (different deductible options/structure, limits, sublimits etc) or use of policy terms (in some jurisdictions changes may be forbidden or an endorsement is necessary), which are NOT foreseen by the standard templates or reflected in the Prime User Guide

- Use of any endorsement for Zurich Prime, which is not available in the Prime library
- Use of endorsements that are not as a standard available in the RC for the use with a Local Standard Wording (incl. Edge for the US and Canada)

The full details of the empowerment process for manuscripting of local RC wordings is outlined under Global Non-Standard Manuscript Wordings for local PD/BI IP policies UW How to Document in Globuz 2.0. Any exceptional empowerment remains subject to the approval processes in the RC.

Note that customization does NOT refer to tailoring of the local policy by adapting limits and deductibles to the local risk profile with the use of the standard templates/schedules available in the RC. This is, as a matter of fact, a mandatory requirement for local policies and in the responsibility of the PC underwriter who has to provide PC UWS with respective instructions.

7.4.4. Full Manuscript exported wordings

For a small selection of large strategic Global Relationship customers there may be the need to export a manuscript wording to the RC (may not be permissible or feasible in all countries, please see MIAinT for information on local capabilities) as mentioned under 7.1.2. The use of any wording that is not Zurich Prime or Local Standard Wording, e.g. full manuscript/exported wordings or broker wordings (unless it is a standard broker form agreed locally by the RC) requires empowerment by the Global Property Underwriting or empowered SME. Any exceptional empowerment remains subject to the approval processes in the RC.

For further background and clarification on the IP manuscripting and empowerment process, refer to Globuz 2.0 for the Global Non-Standard Manuscript Wordings for local PD/BI IP policies UW How to Document.

Useful checklists to support the required adaptations for exported wordings are included in the Global CI Property IPZ Deal Structuring Supporting Document.

8. Reinsurance and /or Treaty Restrictions

Case underwriting business in Property Damage (PD) and Business Interruption (BI) products have automatic access to the Property Treaty.

Please note Appendix 5 lists Treaty Reinsurance restrictions.

9. Request for Empowerment Requirements

When requesting a waiver of a restriction to Global Property Underwriting, the underwriter has provide the following information:

- Underwriting rationale to waive restriction;
- Description of the exposure of the restriction that should be waived;
- Risk management and/or mitigation actions put in place by the customer if applicable;
- Past loss experience in relation to the restriction;
- Risk Engineering or other expert perspective if applicable;
- If the restriction has to be covered up to full limit or sub-limited and what deductible/Self Insured Retention (SIR) or attachment point should apply;
- Premium charge.

Evidence of any request of empowerment and sign-off are kept in the underwriting file locally.

9.1. How long is an approved Empowerment valid?

Once a Request for Empowerment is approved, that empowerment is valid for a full three years unless any of the following conditions apply:

1. Where the sums insured have increased by greater than 20%.
2. Annually where the annual loss ratio (*) is greater than 70%.
3. Where a change in terms & conditions has been requested by the broker/insured.
4. Where a material change in terms & conditions or an improvement to risk management has been requested by the insurer (e.g. obtaining survey report on key locations, adaptation to risk mitigation measures, etc.).
5. Where facultative reinsurance has been obtained and an agreement to renew is required with such reinsurers. If reinsurance is renewing "as is" with no meaningful changes, then annual referral is not required. Only when material changes are occurring which adversely impact our net retention.
6. Where any change in terms and conditions of the Property per risk treaty adversely affect the account under consideration.
7. There is a change in risk (additional or different activities or items insured which are not the same as the current policy coverage) to a higher Hazard Grade; or substantially different occupancy within the same Hazard Grade. (An example of the latter would be a Mining company that purchases new Underground mining and large smelting operations, when prior operations were generally above ground mining and processing without smelting. Or a Real Estate company that purchases new facilities with Composite Sandwich Panel exterior cladding).
8. There is a material change in a manuscript wording previously approved
9. In case of manuscript exported wording
10. In case of China Limit Approvals over USD 250m (applies only to policies issued by Zurich China, not policies issued by network partners)
11. The account is an Industry with high CBI accumulation risk, for example Automotive, Semiconductors, etc.
12. In case Large Limits (Gross Limits and gross exposure) approval was needed

Large Limits (Gross Limits and gross exposure): Power reserved to Global Underwriting UW for accounts with Gross Limits above USD 750 m and Accounts where Gross Exposure (calculated as per 2.1.1) is above USD 750 m. Yearly request of empowerment of Large limit at least 120 day with Global Underwriting discussions for strategy and limits approval. This also includes the Large Local limits (as per Large Local Limits UW Insight) to be reconfirmed with the local CUOs or (for partners) Network Service Centers annually.

* Loss Ratio = Losses incurred (paid and reserved) / earned premium

Glossary

For consistency, the definitions in this glossary include Property ZUG definitions.

Adequate Information	Risk information for the aim of risk assessment is considered as Adequate when all the below conditions apply • relatively new and still valid (maximum age, as per Risk Assessment Matrix) • from a reliable source • contain sufficient risk information <u>Maximum Age of Risk Information:</u> • For Renewals: As per Risk Assessment Matrix. • For New business: For prospect business risk assessment information must normally not be older than 3 years (5 years for office buildings or similar Hazard Grade 1 occupancies), always provided that no major changes occurred at the location, thus influencing the latest risk assessment. <u>Reliable Risk Information</u> Apart from RE staff, engineering organizations of reputable Property Industry Insurers, engineering organizations of reputable Industry Brokers as well as external service providers and Zurich underwriters trained by RE are considered to be reliable sources of risk assessment information. RE and UW must jointly evaluate and document the reliability of external sources of Risk Information at Regional or Country level. RE includes both RE staff and vendors selected and managed by RE. It is the responsibility of RE to nominate suitably trained and experienced resources and to monitor their performance at local level. <u>Sufficient Risk Information</u> Risk Assessment Information is deemed sufficient when the quality of the risk can be established. The following basic data is recommended to be documented in the underwriting file: • Overall opinion of the risk • Description of type of business and operations, protection and prevention features, loss history, construction and age, corporate financials, sums insured and valuation geographical information • Site plan, if relevant for key locations (areas, arrangements and separations, construction types, split of sums insured per location) • Natural Hazard Risks per location • Verified Geocode per location • Primary Characteristics per location (when available), i.e. number of stories, year of construction, construction class (RMS, ATC, or RMS IND) • Earthquake, Wind and Flood Secondary Modifiers per location (when available)
Amount Subject (AS)	Amount Subject (AS) is the total sum insured, PD and BI combined, including all additional coverages and exposures (e.g., Debris Removal, DICC, Claims Preparation fees, etc) at a given location, subject to loss from any one occurrence under the worst foreseeable circumstances.
Average Clause	(or coinsurance) limits final payment to an agreed proportion of the actual total value of cover compared to the full reinstatement value. In effect, this would leave the building knowingly under insured, and there must be a clear understanding between both parties of the limitations and their implications. Standard clause(s) can be found in Global Historic and Unique Buildings Property UW How to Document
Biotech	Short for biotechnology, the use of living organisms or biological processes for the purpose of developing useful agricultural, industrial or medical products, especially by means of techniques which involve the modification of genes (i.e.genetic engineering).
Breach	An underwriting breach is defined as a violation of the authority given to an underwriter. This includes, but is not limited to, a violation of: • The actual terms listed in an underwriter's LOA. • ZRP. • GUG. • Local Underwriting Guidelines. • Reinsurance security and facultative reinsurance requirements. • Cross border and IPZ underwriting requirements.
CBI (Contingent Business Interruption/ Contingent	CBI (also called Contingent Time Element when Contingent Extra Expense is also covered) describes the exposure resulting from losses from Suppliers and Receivers (for example, single source supply in

Time Element), Ingress / Egress and Service Interruption	Thailand of a particular component used by a German car manufacturer; or explosion at a Chemical plant which uses natural gas supplied by one of our insured gas plants).
CBI - Exposure based calculation	This is based on Zurich gross share amounts: amounts are summed up with no adjustment by the underwriter. This provides the most conservative view of the exposure. If no information about CBI is available then a scenario based approach is not possible.
CBI - Scenario based calculation	The scenario based approach includes underwriting judgment based on additional information about the insured, e.g. the number of suppliers, whether these are sole or single source suppliers, location of supplier, type of products, amount of spare storage, relationships, time of recovery etc. which can be taken into consideration to reduce the accumulated amounts. Even though CBI limits are first loss limits and usually fully exposed, they can be reduced where the account Risk Engineer has provided the underwriter with full loss estimates (EML/Trusted EML report).
Channel Tunnel	Fabric of the structure of the tunnel itself, any contents therein belonging to Eurotunnel S.A. and/or Eurotunnel plc, and any property of any type, belonging to Eurotunnel S.A. and/or Eurotunnel plc, situated in those areas (including the perimeters of, entrances to and/or exits from such areas) whether in France or the United Kingdom adjoining and/or surrounding each entrance and/or exit of the tunnel, such property being covered under any policies and/or contracts issued to Eurotunnel S.A. or Eurotunnel plc.
Civil Engineering Completed Risks (CECR)	Civil Engineering Completed Risks (CECR) may be considered mainly as 'infrastructure' risks (excluding processing / manufacturing installations) and where fire is generally a lower risk than for typical Property risks. The most common risks falling under CECR are: Bridges, Dams / Dykes / Levees / Weirs, Pipelines (non-combustible contents only. Gas / Oil pipelines must be written in Energy), Harbors / Port facilities (excluding warehouses, silos/tank farms, stockpiles, etc.), Railways, Roads, Sewer and Wastewater Systems / Water Supply / Water Reservoirs, Masts / Mobile and Antenna Towers (but Transmission & Distribution lines must be written in Energy) and Tunnels the above list being indicative and not exhaustive of all types of infrastructure risks.
Clash	Clash occurs when one or more Country or Segment write more than one LOB for the same risk that could be affected by the same claim, incident or loss event. Clash also occurs when one or more Countries write liability business on different risks that could be affected by the same loss event (but not to the same extent as Systemic Risk events). Zurich uses a common sense method to determine clash known as, "reasonable foreseeability". This requires the underwriter to use their judgment and combine his/her experience of his/her own LOB and an appreciation of the potential impact on and by other LOBs.
CMM	Corporate Middle Market
COPE	Construction, Occupancy, Protection and Exposure
COPE+	Construction, Occupancy, Protection and Exposure plus additional information such as management programs, utility and incidental hazards, process hazards, external exposure, manual fire fighting
Cross border business	Conducting the business of insurance in a foreign country as a non-admitted and/or admitted insurer, and/or assuming facultative reinsurance from a foreign country, in due consideration of regulatory requirement and applicable taxes in such countries.
CURE	Condensed Risk Engineering Report
Cut Through Clause	A Cut Through Clause (CTC) (also named a Strike Through Clause) is a reinsurance/retrocession contract provision requiring a reinsurer/retrocessionaires to pay its share of a loss directly to the insured/reinsured in the event that the ceding insurer/reinsurer becomes insolvent or where it is not able to pay its liability within a certain timeframe. A CTC may either be in favour of Zurich whereby Zurich receives a direct payment from a third party obligated by the CTC to pay its share of loss or it may involve some risk if Zurich is obligated by the CTC to pay its share of loss directly to a third party.
Delegated Programs	The Delegated Program also referred to as Delegated Underwriting Authority Schemes, Agreements, Facilities and/or Managing General Agents (MGAs), allow independent distributors, agents, administrators or other third parties to apply discretionary pricing decisions and accept risk on behalf of Zurich.
Downgrade Clause	The downgrade clause, also called rating triggers or credit triggers, allow the insurer to cancel the policy in the event that a financial strength rating is issued (1) below A- by A.M. Best Co., or (2) below BBB by Standard & Poor's Ratings Services, (A.M Best Co., and Standard & Poor's Rating Services.
Denial of access (Ingress / Egress)	This coverage refers to a business interruption at the insured's premises following a material damage to adjacent property, or to property outside the insured's control in the immediate vicinity.
Energy	The following activities are defined as Energy • Upstream E&P; • Downstream (Refining & Petrochemicals);

<table>
<tr><td></td><td colspan="2">

- Midstream;
- Mining;
- Power Generation;
- Heavy Chemicals

A full list of NAICS / SIC codes assigned to Energy can be found here in the Global Hazard Grade Property and ETR UW Supporting Document in Globuz 2.0.</td></tr>
<tr><td>Estimated Maximum Loss (EML)</td><td colspan="2">Estimated Maximum Loss (EML) is the largest monetary loss (property damage plus business interruption) of values at risk that may be expected to result from an assessed peril in a single insured event, with controls impaired and delayed manual intervention.

For more information see Risk Engineering's Property Loss Estimates Guidelines.

Trusted EML's are those EML's developed by a qualified Zurich risk engineer as part of an onsite assessment.</td></tr>
<tr><td>Exposure Calculation for Line setting and retention</td><td colspan="2">The exposure calculation for underwriting authority, for net retentions and for line setting is based on the total exposure of the analyzed location, independently if covered by one or several policies from a single or several insureds. The exposure calculation must include all covered PD, including BI and extensions, for example, debris removal, CBI, extra expenses, covered at the analyzed location as well as known accumulations across several policies/programs. The methodology is described in section 2.1.1

Line Setting is defined as the maximum net and treaty exposure amounts (gross exposure less un-aggregated captive retention and facultative reinsurance plus known accumulations) at the location under consideration. It is based on Exposure i.e. the Trusted Estimated Maximum Loss (TEML) or the Amount Subject or the Total Sum Insured (TSI) of any one site / premises or the TSI or maximum Limit of Liability of the policy, independently if covered by one or several policies from a single or several insureds (stacking of net retentions).

Please consult Gross Limits and Gross Exposure for detailed list of what has to be considered in the Line Setting.</td></tr>
<tr><td>Extended Coverage</td><td colspan="2">Extended coverage refers to any property damage and/or business interruption policy covering any other non FLEXA (Fire, lightning, explosion, aircraft) peril as for example SRCC (Strike, riot, civil commotion) only named perils policy.</td></tr>
<tr><td>Federal Excise Tax (FET)</td><td colspan="2">Federal Excise Tax (FET) can be imposed on premiums on insurance or reinsurance policies issued by a non-U.S. insurance company or a non-US reinsurance company that cover risks and exposures that are located in the US.A non-U.S. insurance/reinsurance company is one that is neither domiciled nor licensed in the U.S. or does not otherwise file and pay U.S. income taxes.</td></tr>
<tr><td>Financial Institutions</td><td colspan="2">a term used to refer to the industry vertical which includes those entities providing financial services or products to a third party and/or being regulated by a central bank or a financial services authority or body, including the following sectors:

a) Banks and other Lending or Saving Institutions
b) Insurance/Reinsurance Companies or Intermediaries
c) Asset and Investment Management Firms / Private Equity or Funds
d) Miscellaneous FI's (i.e. Clearing Houses, Corporate Financial Advisors, Mortgage Brokers, etc.)</td></tr>
<tr><td>Fitness for Purpose Clauses</td><td colspan="2">warranties that can be expressly agreed or implied in construction contracts or consultancy agreements to ensure that, whatever is being designed, built or supplied, is or will be fit for its intended purpose.</td></tr>
<tr><td rowspan="2">Flood</td><td>Riverine Flood

(Fluvial flood)</td><td>This type of flood occurs when the capacity of watercourse is exceeded or the watercourse is blocked, and excess water flood the adjacent areas (the floodplain). In relatively flat areas, floodwaters may rise slow and the shallow, slow-moving floodwater may cover the land for days or even weeks. In hilly mountainous areas, floodwaters may rise quickly after a heavy rain and are called flash floods, in this case. The watercourse may contain water only parts of the year (seasonal watercourses).</td></tr>
<tr><td>Surface water runoff

(Pluvial or precipitation flood)</td><td>This type of flood occurs when the amount of rainfall exceeds the infiltration capacity of the ground or when entering a drainage system, such as an urban water drainage system, exceeds its discharge capacity. Sometime drainage system discharge is blocked due to a high water level in the receiving watercourse or obstructing debris. The excess water flows overland, ponding in natural hollows and low-lying areas or behind obstructions. This type of flood mostly occurs as a response to intense or long duration rainfall, and can occur with possibly little or no warning</td></tr>
</table>

	Failure of infrastructure (for example the breach of a dame, levee, leaking canal, structural collapse or failure)	This type of flood occurs from the failure of infrastructure designed to store or carry water or to protect an area from flooding (e.g. breach of flood defense, blockage of a pipe or culvert). Because of the sudden nature of this flood type, its impact can be severe. Please note and refer to specific topics within this Property ZUG as for example Netherlands Flood or Dam Breakage (Switzerland & Lichtenstein). Overtopping, due to exceedance of design capacity (drainage, etc.) storage, or maintenance issues, can also trigger such a flood event.
Flood exposure	Very High	Zurich Global Flood Map scores 9 & 10 typically up to 100 Year or Less (1% or greater chance of flooding in any given year)
	High	Zurich Global Flood Map scores 7 & 8 typically >100 Year but within 500 Year (Has a 0.2% to 1% probability of flooding in any given year)
	Medium	Zurich Global Flood Map scores 5 & 6 typically > 500 Year (has a less than 0.2% probability of flooding in any given year)
	Low	Zurich Global Flood Map scores 1 to 4
	Unknown	Locations where flood frequency is unknown or cannot be determined
Foreign Account Tax Compliance Act	Under the Foreign Account Tax Compliance Act (FATCA), the payments of insurance or reinsurance premiums covering risks and exposures that are located in the U.S. are subject to U.S.withholding tax unless the premium recipient provides a tax identification document. A U.S. taxpayer must supply a W-9. A non-U.S. taxpayer must supply a W-8BEN-E. Cash value under new product development generally arises where the customer is entitled to (a) withdraw an amount from the policy; (b) a payment upon termination of the policy (beyond refund of unearned premium); or (c) borrow from or against the policy.	
Globuz 2.0	Globuz 2.0 is a global platform to store and access global and local documents used by the P&C Underwriting community.	
Gross Exposure	The Zurich Gross exposure means the Zurich exposure (calculated as per §2.1.1) gross of (so including): • net capacity • treaty reinsurance • any facultative reinsurance (including fronted captives, co-reinsurance, pure facultative reinsurance and similar risk transfer vehicles) • any DIC/DIL between master & Local Policy if impacted by the exposure calculation • any stacking of multiple contracts & layers if impacted by the exposure calculation • local retentions in countries, where local policies are issued by companies of the Zurich Group That is the ultimate exposure Zurich would be liable for if all reinsurance* fails taken in consideration the exposure definition (TEML, AS, LL or TSI), i.e. it does not include any Net TSI exposure that could apply over and above the exposure definition. (*) Reinsurance including treaty and any facultative reinsurance (including fronted captives, co-reinsurance, pure facultative reinsurance and similar risk transfer vehicles). Please also consult Gross Limit	
Gross Limit	The Zurich Gross Limit means the Zurich exposure (calculated on the basis of Loss Limit or TSI if no LL is available) gross of (so including): • net capacity (incl. net exposure above the exposure definition) • treaty reinsurance • any facultative reinsurance (including fronted captives, co-reinsurance, pure facultative reinsurance and similar risk transfer vehicles) • any DIC/DIL between master & Local Policy	

	• any stacking of multiple contracts & layers • local retentions in countries, where local policies are issued by companies of the Zurich Group That is the ultimate exposure Zurich would be liable for if all reinsurance* fails taken in consideration the LL or TSI (this includes blanket loss limits or TSI applying across several locations). (*) Reinsurance including treaty and any facultative reinsurance (including fronted captives, co-reinsurance, pure facultative reinsurance and similar risk transfer vehicles). Please also consult Gross Exposure
High-Tech	Refers to companies that derive the majority of their annual turnover from the creation of new scientific methods or materials involving computers or electronic devices. Companies within the scope of high-tech include, but are not limited to, the following: • Telecommunications Operators / Internet Service Providers • Software Developers • Network Infrastructure • Manufacturers of Computers, Mobile Headsets or Semiconductors • Social Media Companies • Navigation System Developers • Internet Portal/Search Engines
Homogeneous and stable account	Indicators for homogeneity and stability of an account include, but are not limited to, self-audit programs, legal requirements on minimum protection levels, and corporate protection and prevention standards. If these indicators do allow a proper assessment and Risk Grading of the risks, the relevant information can be taken into account for the required density of these smaller and homogenous locations. Homogeneous accounts are usually made of numerous smaller (in terms of insured value) locations without warehouses or distribution centers or the like. The Schedule of Locations must be all the same with minimal variation (e.g. wholesale, retail, department stores, savings banks, energy distribution such as transformers/pipelines/substations etc.)
Insuring Clause	The Insuring Clause, also known as Operative Clause is a clause in an insurance policy that sets out the risk assumed by the insured or defines the scope of coverage afforded.
International Business	International Busines or IB entails writing business in a jurisdiction different to that of the insuring entity and includes any solutions in relation to foreign exposures, including International Programs as well as assumed reinsurance across borders.
International Program	International Program or Zurich International Program or IP, in addition to the definition of Cross Border, crafting insurance solutions in accordance with customer and applicable regulatory requirements by way of placing Local Policies in one or more foreign countries and to accept (directly or indirectly) reinsurance of such local policies. This also includes solutions whereby Zurich participates on an International Program.
Key Location	Key Location is usually the building complex on a given premises/site with the highest combined exposure for PD and BI. Underwriting authority for a single policy/program is based on the Key Location exposure. Key Location corresponds to the definition of “highest exposure” in RE Foundation terminology, i.e. highest replacement value (stock, equipment, buildings), OR process that contributes highest to the site revenue OR contributes to processes at other locations (interdependency) OR longest replacement time OR single (or limited) suppliers.
Leeway or Margin Clause	(or margin clause) limits final payment to a maximum amount in excess of the total declared value and can be expressed as a percentage and or monetary value. Standard clause(s) can be found in Global Historic and Unique Buildings Property UW How to Document
Local Governmental insurance schemes	Local Governmental insurance schemes, pools or authorities relating to specific perils or a group of perils are events for which local governmental or similar insurance schemes of pools or authorities are providing coverage or where the insurance of such perils and/or events is prohibited by local law, regulations or authorities. (For example in Algeria, Denmark, France; Morocco; Norway; Iceland; Israel; Sri Lanka; Spain if declared as Catástrofe o Calamidad Nacional according to the "Reglamento de Seguros de Riesgos Extraordinario" for perils covered by the Consorcio de Compensación de Seguros, South Africa, National States (Homelands) and Namibia ; Switzerland. This refers to all kind of perils, for example, natural perils, terrorism).
Location	A location is a building complex which may have one or several Insured Peril Occurrence areas on a given premises/site. A premises/site can have several building complexes if the distance between the

	different complexes is large enough to consider them separate locations (risks) in case of a damage caused by the governing peril.
Long Term Agreement (LTA)	LTAs are policies with an annual policy period but where Zurich has committed to offering renewal on pre agreed terms, conditions and/or rate over 18 months or more.
Loss of Attraction (“leader property” or “attraction property”)	This coverage refers to a business interruption where an “attraction” property that is key to an insured’s business suffers physical damage. For example: a financially independent parking lot /car park in the proximity of a department store which may heavily depend on the store’s operations and will therefore suffer a financial loss if the department store shuts down.
LTA (Long Term Agreement)	LTAs are policies with an annual policy period but where Zurich has committed to offering renewal on pre agreed terms, conditions and/or rate over 18 months or more.
Manager and/or Peer Review (MPR)	Manager and/or Peer Review (MPR) is an Underwriting control providing a high frequency review at the transactional level that: • Aligns with the overall Underwriting governance structure. • Fulfills the requirements of the P&C Underwriting Operational Key Controls. • Reviews at a transactional level. • Provides a method of identifying an Underwriter’s individual development needs. • Identifies trends in results to enable shaping of future technical training programs and enhancements to processes.
Man-made catastrophe peril events	The risk of "man-made catastrophe peril events" is defined as other than natural catastrophe peril events whereby multiple policies/contracts or multiple customers or multiple Businesses may sustain losses. Examples include passenger train collisions, hotel fires, terrorism and cyber.
Manuscript endorsements	Manuscript endorsements are custom-crafted modifications to Standard or Non-Standard policy wordings designed to address the specific coverage needs and requests of an individual insured and intended for single use.
Manuscript policy wording	Manuscript policy wording means a custom-crafted insurance policy that is uniquely tailored to address the coverage needs and requests of an individual insured and intended for a single use.
Material Change	As an example, material change in the account’s risk occurs in the following (not exhaustive) cases: • New operations; • Request for higher policy limits (i.e., Property limits increase more than 10%); • New entities added to Named Insured listing; • Newly acquired organizations; • Unusual or unexpected claim activity; or • Different coverage structure request, i.e., captive arrangement.
Mega Energy Companies	Refining or Heavy Chemical (including Petrochemical) companies with annual turnover greater than USD 50BN, or assets greater than USD 100BN.
Mega Mining Companies	Mining companies with annual turnover greater than USD 50BN, or assets greater than USD 100BN.
Multi Line policies (MLP)	Multi Line policies (MLP) are contracts which expand over several LOBs and have integrated annual/period aggregate limits. A true MLP is an integrated program offering a single aggregate limit, excess of a single aggregate retention and typically encompasses at least three lines of coverage, and may extend over a multi-year term.
Multi Year Policy (MYP)	MYPs are contracts where we commit to a period of more than 12 months (with the exception of any odd period of not more than 6 months when there is a change in anniversary date) without having an annual review/cancellation provision.
Natural hazard loss estimates	The severity and probability of a natural hazard event in financial terms are communicated in terms of loss estimates. These are developed for specific return periods, depending on the peril, after evaluation of the protection mechanisms (physical, and organizational, for both onsite and off-site) for the exposures at risk. Detailed methodologies for developing loss estimates for each peril are provided in the pertinent risk engineering guidelines. The return periods (which describe probability of occurrence of an event with a certain intensity or magnitude) for each peril for which the loss estimates are to be provided are as follows: Flood: 100 year return period Earthquake: 475 year return period Wind: 100 year return period

	Loss scenarios and estimates at other return periods may also be provided, if required by the UW process.
Net Limit	Net limit means net of treaty and facultative reinsurance (including captives and similar risk transfer vehicles) but gross of any further retention by another Zurich entity, for example, an affiliated company. Net limits describe the desired maximum amount that Zurich exposes to loss.
Netherlands Dam Breakage	Netherlands Dam Breakage is defined as flood losses as a consequence of the breaking and/or overflowing of Dikes, Floodgates or Dams in the Netherlands.
New Products	Reasonable business judgment is required to determine what constitutes a new product for these purposes. As a general guideline, a new product is: • A line of business or type of coverage that has not been previously underwritten and for which there is no prior experience in Zurich or in the region or country • Any transaction or policy wording that results in Zurich assuming risks that deviate from the character of those already taken in existing products or that entails significant incremental risks • A hybrid transaction combining insurance and financial market instruments • If there are questions about what constitutes a new product, clarification must be sought from the CI CUO. Parametric Insurance Products or Coverage are considered New Product, Coverage or Service to Zurich as not currently sold elsewhere by Zurich.
Non Standard Endorsement	Non-Standard endorsements are generally available modifications to Standard and Non-Standard policy wordings. Non-Standard endorsements do not include Manuscript endorsements, standard endorsements or endorsements required to modify a policy form to meet county/state-specific requirements.
Non-Standard policy wordings	Non-Standard policy wordings are template wordings developed and used on a blanket or repeatable basis at the request of a specific insurance producer (agent/broker) for their clientele or a subsection thereof after amendment for country/state-specific requirements.
Nuclear Pools	For the purpose of the section 'Nuclear Pools' are considered to be any scheme, reinsurance facility or any other participation which has been created by the local insurance market and/or governments to provide coverage for Nuclear Power Generation risks, even though if technically they might not be considered to be a 'Pool'.
OARQR	Overall Account Risk Quality Rating
Operational Key Controls (OKC)	The Operational Key Controls (OKC) framework is based on the key underwriting risks that are common across P&C Underwriting and the controls that have been identified to mitigate them. Group Underwriting Excellence and Group Risk Management (GRM) work together to develop and monitor implementation of OKC. RACE is the system used by P&C Underwriting to document risks and controls and record the OKC sign off process. RACE is owned by GRM Needs amendment.
Operational Plan	The Operational Plan is the roadmap which defines the business actions that must be taken and prioritized activities necessary to achieve the plan.
Offshore	Offshore risks are all risks that are located in the open sea and are not firmly connected to land or coast. Risks that are firmly connected to land or coast and extend into the open sea, such as, but not limited to, terminals, lighthouses, windfarms, piers, jetties and the Channel Tunnel (or property in it) are classed as onshore risks. Water intakes and outfalls that go from land into the sea for 5km or less are classed as onshore. Pipelines (other than water intakes and outfalls) that stretch into the sea are considered offshore beyond the first land valve, the first pump station on land, pier or jetty, or the first distribution station or flange on land, pier or jetty.
Parafiscal taxes	Parafiscal taxes include taxes such as fire brigade tax, contribution to social funds etc. In general, reinsurance transactions are not liable to premium/parafiscal taxes, but there are exceptions. It is required that for each transaction the correct amount of premium/parafiscal tax is paid. This needs improvement.
Pharmaceutical	Companies engaged in researching, developing, manufacturing, and marketing drugs and biological substances for human or veterinary use.
Policy limit(s) per occurrence/claims/event	The policy limit(s) per occurrence/claims/event and in the annual aggregate is/are used to describe the maximum amount of exposure Zurich is willing to accept.

Portfolio Optimization	Within Zurich, portfolio optimization is defined as an end to end process to manage and analyze the performance of a portfolio from market analysis, risk appetite determination and setting strategy through to the actions taken and rules set by underwriters to determine what business we write and renew, and on what terms. Portfolio Profitability Reviews (PPRs) are a structured series of analyses and meetings, with the purpose of framing and shaping strategic portfolio management and underwriting objectives. Meetings are held before the start of the annual planning round and the results of the GPR are used to inform the Annual Plan.
Probable Maximum Loss (PML)	PML "Probable Maximum Loss" is the largest monetary loss (property damage plus business interruption) of values at risk that may be expected to result from a peril in a single insured event, with available controls as assessed including timely manual intervention.
Property & Business Interruption	It includes: • All segments (except Personal Lines). • Energy business (the Processing and Refining of Oil, Gas, Chemical and Petrochemicals; Mining; Power Generation; Exploration and Production of Oil and Gas) • Machinery Breakdown (MB)/Builder's Risk and Marine covers when included as an integral part of a PD and BI Insurance policy. • All associated extensions, indirect costs and expenses (e.g. debris removal, contingent business interruption (CBI) etc.). • Supply Chain Insurance and other specifically developed Property products. Note a specific authority grant is required to offer this product.
Public Utilities (also known as "BI service interruption")	Coverage refers to business interruption caused by a failure in the supply of electricity, fuel, gas, refrigerant, steam, water, or communication supply services caused by an insured material damage loss at third party premises (not necessarily publicly owned but used by the public). Please note that the focus of this manual is the BI aspect resulting from an insured peril, not the material damage itself. Underwriters should be aware that in some countries coverage is extended to 'all-risks' which may not necessarily be caused by an insured material damage
Reasonable foreseeability	Zurich uses the common sense method to determine clash, "reasonable foreseeability", a concept requiring underwriters' judgment. Such judgment must couple the underwriter's experience in the particular line of business with an appreciation of the potential impact on and by other lines of business. Underwriters determine reasonable foreseeability by using account clearance systems to identify those risks with multiple Zurich participants.
REDS	REDS is a global data store having a standardized one Zurich view of our risk exposure across regions, countries and lines of business.
Request for Empowerment	The process of delegating underwriting authority requires a comprehensive request for empowerment process to deal with those cases that exceed the authority granted to individuals. If an account falls outside the Country's authority, empowerment must be requested to the next appropriate level. The request for empowerment always includes the recommendation and rationale. It does not preclude the responsibility of the underwriter requesting empowerment for the transaction: the underwriter making the request is making a recommendation to proceed and has accountability for the transaction. The receiving underwriter may give the empowerment (say yes) with or without recommendations, but this does not "transfer" accountability for the transaction from the underwriter recommending it.
Reverse Takeover / Reverse Merger	Also known as a "Reverse IPO", a process whereby a private company purchases a publicly traded company (usually a shell company with only an organizational structure and little/no activity) with the purpose of avoiding the regulatory and financial requirements associated with an IPO.
Rolling Stock and/or Railway structure	Locomotives, railway cars (for passenger and/or cargo), tram/light rail cars, subway cars, self-driven/automated mass transportation systems and in general any rolling material operated on rail tracks or dedicated infrastructures/tracks (e.g. cable or magnetic propelled vehicles) other than the ones operated/sheltered on insured own premises (e.g. trains when within stations or depots - not in movement) Railway tracks, tramways and any sort of transportation network for mass transportation systems including all related electro-mechanical equipment (signals, control systems, substations, overhead power supply lines, etc.) and civil works (embankments/cuttings, viaducts, bridges, tunnels, etc.).

	Where rolling stocks and/or railways structures are incidental to the traditional Property risk and an integral part of the insured property (comprising less than 10% of the overall policy sum insured at a single location but not more than USD 50 million sum insured on a 100% basis), these are deemed to fall within the standard Property underwriting authority. Incidental exposures also embrace transportation systems including rail cars part of an airport or cargo trans/railways tracks part of mining operations.
Sanctions	See Trade and Economic Sanctions
Significant Sites/Premises	Significant Sites/Premises are defined as follows: a) Any site/location of the following industries/risks with a TSI greater than USD 300 million based on Zurich Gross share : • Carpet manufacturers • furniture manufacturers (other than metal furniture manufacturers) • plastic manufacturers • textiles • pure warehouses (not including those storing non-combustible goods only) • explosives and fireworks manufacturers • wafer fabrication/semiconductor plants, b) All other industries/risks if TSI at any location with a TSI greater than USD 600 million based on Zurich Gross share.
Social Network Providers	companies which provide an online platform that allows users to create a public profile and interact with other users on the website. Examples include Facebook, LinkedIn or Twitter.
Spot Check	The spot check review is an inspection or investigation that is carried out at random, or in some instances a targeted review of selected number of underwriting topics. The Spot Check is a key component of the Underwriting Quality Landscape which is generally characterized by a higher level of independence; however, this approach can be conducted locally. It is designed as a quick, simple and adaptable way of assuring the quality of the Underwriting process. It may generate further actions for underwriting improvement.
Stacking	Stacking is the accumulation of net retentions and/or treaty capacities within the same LOB on the same risk. Stacking can also occur within a captive program when accepting facultative reinsurance or a retrocession. Underwriters must determine potential stacking of net retentions by using existing accumulation management systems, Risk Exposure Data Store (REDS) where available, and/or account clearance systems or tools. In the absence of such systems or tools, underwriters must use good sense to contact colleagues within their Country, in a different segment within their country and elsewhere in the Group, with a particular focus on the country of domicile of the insured.
Standard endorsements	Standard endorsements are generally available modifications to standard policy wordings that form part of a “Zurich Product” and have been reviewed by Zurich Legal and Claims. Standard endorsements do not include Manuscript endorsements or endorsements required to modify a policy form to meet country/state-specific requirements.
Standard policy wordings	Standard policy wordings means Zurich’s standard portfolio of policy forms that are the basis of a “Zurich Product” offered to all eligible customers through various distribution channels, including all insurance producers (agents/brokers) after amendment for country/state-specific requirements.
System Failure	An outage or failure of a computer network, whether due to either hardware or software, that causes the network to freeze, reboot, malfunction or otherwise fail to perform its intended function.
Systemic Risk	Systemic Risk is the accumulation of losses triggered by a single event or cause, affecting an industry segment or multiple industries rather than an isolated single risk. The accumulation of losses from Systemic Risk can take place across many policyholders and policy years. These accumulations can relate to multiple industries, systems, processes, products or substances, tangible or intangible. They can emerge years after the original exposure was underwritten, and may involve mass tort claims.
Technical Risks	Global Property Undewriting defines Technical Risks the NAICS associated to Chemical and Pharmaceutical, Pulp and Paper and Molten metal. A full list of NAICS / SIC codes assigned to Technical Risks can be found here in the Global Hazard Grade Property and ETR UW Supporting Document in Globuz 2.0. The following activities are defined as Technical Risk

	• Molten Metals; • Pulp & Paper • Light Chemicals and Pharmaceuticals
Terrorism	The result of intentional action by human beings with malicious intent, using different modes of attacks. These attacks can be split into the following two categories: • Conventional attacks, for example, conventional bomb, aircraft used as missile, and conflagration. • Non-conventional attacks; Chemical, biological, radiological and nuclear (CBRN) attacks.
Tier 1 / Tier 2	A tier 1 supplier or customer may also be known as a direct supplier and is therefore a supplier or customer which has a direct relationship with the insured. Conversely, a tier 2 supplier has no direct relationship with the insured (such as a supplier of a supplier for example) and therefore may also be known as an indirect supplier.
Total Insured Values (TIV)	Total Insured Values (TIV) (as used in the US market) include the values reported by the insured for Buildings, Contents, Stock and BI for the respective indemnity period, but does not include coverage extensions, margin or uplift clauses which must be considered in the Total Sum Insured for the line setting and capacity deployment. Please note in other markets this definition may have the TSI meaning as described below (e.g. in the UK).
Total Sum Insured (TSI)	Total Sum Insured (TSI) (as used in the markets outside the US) includes the values reported by the insured for Buildings, Contents, Stock and BI for the respective indemnity period, including coverage extensions, margin or uplift clauses which must be considered for the line-setting and capacity deployment. Please note in the US markets this definition may have the TIV meaning as described above.
Trade and Economic Sanctions	Trade and Economic Sanctions are restrictive measures adopted by specific ountries, regional governments and multinational organizations (collectively "Government" or "Government Entities") via legislation, regulation, executive orders, or similar authority, in pursuit of specific foreign policy and security objectives. Sanctions, which can be trade, economic or financial in nature, can target: • Countries, • Goods or Services, • Persons, which include but are not limited to individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries (Specially Designated Nationals or SDN's), institutions, entities, charities, marine vessels or aircrafts.
Trusted EML (TEML)	Trusted EML are those EML developed by a qualified Zurich risk engineer as part of an onsite assessment. Validity of TEML is as per Appendix 3 – FLEXA section Location's Overall Risk Quality Level
Underwriting Breach	See Breach
Unknown location	Location where the minimum required level of information is not satisfied (e.g. for Flexa where information received is less than COPE; for Flood where frequency is unknown or cannot be determined, i.e. geocoding match-level is lower than address level)
Verified geocodes	The address or geocode of location visually checked with open source maps to verify that geocode actually indicates the location. For some occupancies, e.g. cement works, quarries, industrial facilities, and so on, this may be obvious due to the unique structures. In other cases, e.g. offices, use of the "nearby" function in google maps, BING, etc. could be useful as this function identifies the building(s) through the name of the company.
Virtuous Circle	Virtuous Circle meetings are an integral part of the P&C Performance management framework. At the Country level, the Virtuous Circle meetings must be held quarterly and require the participation of the Chief Financial Officer (CFO), CUO, Chief Claims Officer (CCO), Chief Reserving Actuary (CRA), CPA and Chief Risk Officer (CRO). Full attendance is required and can only be delegated to individuals with the appropriate knowledge and authority to implement actions identified. Active participation by all functions is required with ownership of agenda items and pro-active sharing, discussion and challenge of information. Zurich must establish a process to complete regular underwriting reviews. These may be completed as part of reviews with other Zurich functions, e.g. Finance, Claims, Compliance, etc.
War and civil war	War, invasion, act of a foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law, confiscation, nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

Year of construction	It refers to time the building started its operation. In case that more than one building is present on a location, the critical building must be used, i.e. where the highest values are concentrated. When a building is fully rehabilitated to the a more recent building code for the specific peril, for example the primary force-resisting components of the building have been upgraded for EQ, then the year of upgrade can be used as year of construction. However, the latter needs to be reviewed and confirmed by Risk Engineering.
Zurich Risk Engineer (ZRE)	Zurich Risk Engineering (ZRE) includes: • ZRE Staff • Vendors selected and managed by ZRE

Appendix

Appendix 1 – Authority, Limits and Mandatory Restrictions

This Appendix applies to SECTION B - Case

The Global UW Property Limits and Mandatory restriction outlines the maximum allowed limit and restriction by empowerment level, applicable to direct as well as facultative assumed business.

Sublimit should not increase the policy limits. Where unavoidable the amount of the is added to the exposure calculation. Note, that in IPZ business the limits and sublimits to be provided locally are in relation to the exposures under the local policy. Sublimits should in general not exceed 10-15 % of the local values (subject to the Master Policy limit).

For perils with accumulation potential, sublimit act as occurrence limits/event limits whenever possible and not as limits per location.

The Underwriting Level described in the table below will be shown on everyone's underwriting authority letter. Please note that it is indeed possible for an Underwriter to have more than one level of authority granted. As an example, an expert General Property Underwriter in a country may possess overall level 5 authority; but he or she may also demonstrate sufficient proficiency to hold, for example, level 3 authority in the restricted Power Generation occupancy. That individual authority letter would clearly grant level 5 as base authority, and add on level 3 for Power Generation.

Underwriting Level	Notes
1	Typically Junior Underwriter
2	Typically Underwriter
3	Typically Senior Underwriter
4	Specialist
5	Expert I
6	Expert II

How to read the table

Limits and Restrictions marked with an X are entitling the corresponding level to deviate. Where "Policy Limits" are shown below, these are always capped by the individuals overall Underwriting Authority, and any other Global Property Underwriting level restrictions.

Limit and Restriction marked with Power reserved to Global Underwriting require Global Property Underwriting approval.

In case of inconsistency between empowered Level limits stated below and what stated in Letter of Authority, the Letter of Authority prevails. Countries are entitled to define more granular and/or specific Underwriting Guidelines as reasonably required in the conduct of their respective businesses, however under no circumstance broader in scope or meaning than what is set forth herein, unless specifically authorized by Global Property Underwriting.

Subject Matter Expert (SME) Authority

The following is a list of coverage reserved to Subject Matter Experts, authority to underwrite is specifically indicated in the Letter of Authorities:

- Commercial Property: Commercial Property
- Energy: Power Gen, Power Gen Sustainable Energy, Heavy Chemical, Mining, Upstream E&P, Midstream, Downstream
- Technical Risks: Light Chemical & Pharma, Pulp & Paper, Molten Metal
- Other Coverages – Property, Energy & Technical Risks: Agriculture & Crop, CBI, Dam Breakage (ex Netherlands), Hazard Grade 5 Occupancies, Dam breakage (Netherland), Restricted covers & exposures (e.g. Combustible Panels, High rise), Livestock/Bloodstock and Animal, Trading Desk, Excess and Surplus (E&S), Nat CatPool Risks, German Storm Surge, Cyber, Wording IPZ Local Non-Standard.

Limits and Mandatory Restrictions

All monetary amounts for limits are in USD and are applicable for Zurich share net & treaty unless mentioned otherwise.

The exchange rates to be used for limit interpretation are included in Appendix 2. They apply at the point of acceptance when writing new business, or at annual renewal.

All values in USD / million

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td>Agriculture & Crop</td><td>Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA</td><td>Other Coverages</td><td colspan="6">Power reserved to SME</td></tr>
<tr><td rowspan="2">Capacity Deployment
Line Setting</td><td>Level 6 can deviate to the limits indicated in the Appendix 2 - Capacity Deployment section of this guideline
Level 5 can write up to the Limits indicated in the Capacity Deployment section.
The following activities are defined as Technical Risks
– Chemicals & Pharmaceuticals
– Molten Metals
– Pulp & Paper</td><td>Commercial Property
& Technical Risk</td><td>x</td><td>As per App 2 matrix</td><td>As per App 2 matrix</td><td>As per LoA</td><td>As per LoA</td><td>As per LoA</td></tr>
<tr><td>Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA.
In addition to what prescribed above for Commercial Property, the below also apply for Energy Business</td><td>Energy (ex Sustainable Energy)</td><td>x</td><td>x</td><td>As per App 2 matrix
but
% line are doubled</td><td>As per LoA</td><td>As per LoA</td><td>As per LoA</td></tr>
</table>

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td></td><td>Only individuals with Energy at level 5 and 6 can deviate from Energy mandatory restrictions, required deductibles, conditions and Energy capacity deployment applying to their specific Energy section in the main document.

The following activities are defined as Energy

– Upstream E&P;
– Downstream (Refining & Petrochemicals);
– Midstream;
– Mining;
– Power Generation;
– Heavy Chemicals;

The specific requirements set in the Energy section of the Property ZUG have to be followed (e.g. Mandatory restrictions, deductibles)</td><td>Energy Sustainable</td><td>x</td><td>x</td><td>nil</td><td>nil</td><td>nil</td><td>nil</td></tr>
<tr><td rowspan="3">Civil Authority</td><td rowspan="3">Relevant lower Cat limits per country and/or zone, as per this guideline, prevail.

Only subject to act of the authority, in response to physical loss or damage caused by an Insured Peril to real property not insured under the policy.

Nat Haz limits are part of the overall Nat Haz limits offered for a specific zone or Country in a policy / program and not in addition to these limits.

For any capacity in xs of 20 MUSD for the Zurich gross-net share the underwriting narrative has to include a section why needed and supported.</td><td>Per event / occurrence</td><td>50</td><td>25</td><td>25</td><td>20</td><td>10</td><td>5</td></tr>
<tr><td>Natural Hazard

Per event / occurrence in the annual aggregate</td><td>x</td><td>x</td><td>x</td><td>nil</td><td>nil</td><td>nil</td></tr>
<tr><td>Other</td><td colspan="6">A min qualifying period of 48 hours before liability applies and max indemnity period of 30 days.

A max distance Limit of 1 mile or 1,5 Km. No reference to vicinity.

CBI SMEs are empowered to deviate from limits, qualifying- & indemnity period and distance limit</td></tr>
</table>

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Civil Engineering Completed Risks (CECR)	Where the exposure is greater than: – an incidental sum relative to the traditional Property risk (incidental being less than 10% of the Total Sum Insured at a single location but not more than USD 50 million as a monetary sum irrespective of the %) –and – an integral part of the insured property. Then these lower parameters are deemed to fall within the standard Property underwriting authority (*) For large industrial sites such as, complex/large processing or assembly plants made of separate units/areas connected by local private infrastructures or including delivery/shipping/testing (test tracks for automotive industry) facilities, CECR incidental exposures can exceed USD 50 million. These locations normally incorporate a number of CECR elements (roads, bridges, tunnels, etc.) which are an integral part of the site itself or are in the immediate vicinity (separate infrastructures are excluded). CECR risks in no case can be the predominant exposure. Standalone CECR and CECR not incidental are to be written within Engineering Lines business, following the Engineering Lines guideline on Globuz 2.0.	N/A	x Subject to conditions in paragraph (*)				nil	nil
Claim Preparation Costs and Professional Fees	For further information and guidance, please consult the Global Claims Preparation Costs and Professional Fees UW How to Document in Globuz 2.0	N/A	N/A					
Contingent Business Interruption (CBI)	Power reserved to Subject Matter Experts for "Critical Industry" and authority is specifically indicated in the individual LoA and cannot be delegated Power reserved to Subject Matter Experts for SME Capacity and any deviation to limits and conditions as per Appendix 2.3 Capacity Deployment CBI	Critical and Non Critical Industries	See Appendix 2.3 – Capacity Deployment - CBI Standard Named Customers & Suppliers Standard Unnamed Customers & Suppliers AI – Early Warning Enabled SME Enabled Provision of unnamed CBI or named CBI for critical industries under local IPZ policies is powers reserved Global CI Property.					

Cyber	Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA In derogation to the above, Underwriters (no Power Reserved needed) have authority for write-back for ensuing damages to insured property for Fire and Explosion (Sprinkler Leakage in addition for the US and Canada) Limits indicated are per individual account, per occurrence or aggregate, except for NA where they are aggregate. Please refer to the Global Cyber Property UW How to Document on Globuz 2.0. Authority is delegated to designated individuals Cyber losses and data exclusion clauses apply (no authority for Silent Cyber). – Approved Cyber exclusionary language as per How to Document are to be used. – Data exclusion applies (loss, or damage, loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including). **Cyber Authority –** Power reserved to Global Underwriting in excess of limits indicated a) Authority for affirmative (explicit) coverage for Cyber losses – Power reserved to SME – **Limit USD 1m** b) Authority for provision of write-back for ensuing damages to insured property limited to Fire, Explosion (and Sprinkler Leakage for the US and Canada) – All Underwriters, subject to maximum sublimit **of USD 5m for electronic data** c) Authority for provision of write-back for ensuing damages to insured property limited to Lightning, Aircraft Impact, Earthquake, Earth Movement, Flood, Named Storm, Storm, Bursting overflowing discharging or leakage of water tanks, apparatus or pipes (Water Damage), Sprinkler leakage (outside the US and Canada), Impact by any road vehicle or animal, Other natural perils (hail, avalanche, landslide etc.) – after Cyber Incident, but as well after Cyber Act. – Power reserved to SME, **limits as per governing peril subject to maximum sublimit of USD 5m for electronic data** d) Authority for provision of write-back for ensuing damages to	N/A	Power reserved to SME 1	Power reserved to SME 1	nil	nil	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	insured property to Machinery Breakdown, Water Damage, Theft, Sprinkler leakage (outside the US and Canada), Strike, Riot and Civil Commotion, Malicious Damage up to All Risks – Power reserved to SME, **limits USD 50m subject to maximum sublimit of USD 5m for electronic data** Electronic data authority For non-Cyber losses (following physical loss or damage to the data processing media, i.e. of **insured physical damage to the substance of property) maximum limit is USD 10 m.** In addition, the following restrictions apply – Coverage for defined/first party cover only – No separate policy with standalone cyber – No authority for provision of covering data without physical damage to the data processing media (other than under "affirmative cyber cover") – No authority for provision of covering any amount pertaining to the value of data. – Back-up conditions for data are required, when restoration costs and not pure copying from back-up are included. – Limits to be controlled through agreed SMEs contacts in the country / Region Coverage limits to be tracked through Cyber Sharepoint with excel template to be used by countries on a semi-annual basis.							
Dam Breakage (Switzerland and Liechtenstein)	Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA An explicit exclusion has to otherwise appear in the policy Applicable for international business produced within Switzerland and domestic Swiss business loss or damage to locations within the territory of Switzerland and the Principality of Liechtenstein following breakage and overflowing of Swiss manmade reservoirs or other water storage lakes is to be excluded from the policy	N/A	Power reserved to SME					
Delegated Program	Any new Delegated Program, also referred to as Delegated Underwriting Authority Schemes, Agreements, Facilities and/or Managing General Agents (MGAs)	N/A	Power reserved to Global Underwriting					

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Denial of access	Relevant lower Cat limits per country and/or zone, as per this guideline, prevail.	Per event / occurrence	50	25	25	20	10	5
	Only subject to physical loss or damage caused by an insured peril to property not insured under the Policy. Nat Haz limits for CBI must be part of the overall Nat Haz limits offered for a specific zone or Country in a policy / program and not in addition to these limits.	Natural Hazard Per event / occurrence in the annual aggregate	x	x	x	nil	nil	nil
	For any capacity in xs of 20 MUSD for the Zurich gross-net share the underwriting narrative shall include a section why needed and supported.	Other	A min qualifying period of 48 hours before liability applies and max indemnity period of 30 days. A max distance Limit of 1 mile or 1,5 Km applies. No reference to vicinity. CBI SMEs are empowered to deviate from limits, qualifying- & indemnity period and distance limit					
Density (Minimum density ratio)	Minimum density ratio as per this guideline need to be adhered to. If Density at account level is not achieved then the following applies: – Alternative line guide in Appendix 2 has to be used AND – Account Risk Engineering service plan to be developed prior to binding to address the gathering of additional risk information, a grace period for new business only of **24 months** is granted to meet minimum standards	N/A	Empowerment as per matrix 4.4.5.1 and 4.4.5.2 If account minimum density ratio within the 24 months grace period is still not met, request for empowerment to Level 6 can be initiated subject to appropriate action plan and valid business case					
E&S	This restriction applies to the authority of writing Excess & Surplus covers	N/A	Power Reserved to SME					
Energy	Required mandatory restrictions and minimum deductibles as per relevant Property ZUG section apply	Power Gen Heavy Chemical Mining Upstream E&P Midstream Downstream	Power reserved to SME					
Energy Sustainable	Capacity Deployment Line Setting		x	x	nil	nil	nil	nil
	Coverage on T&D lines beyond guideline restriction of 1.5KM from generating premises. Any deviation regardless of authority level is restricted on basis of named lines only and further as per underwriting authority level. N&T exposure PD/BI not to exceed an all-coverages-combined Z net capacity (million / USD) of:	Coverage	10	5	2.5	nil	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	Any BI policy extensions including parametric type coverages for pre-defined events (pure financial loss / reduced output ue to environmental/external events) as part of BI coverage		Power reserved to Global Underwriting UW					
	Broker manuscript wordings	Terms & Conditions	x	x	x	nil	nil	nil
	Any deviation from/omission of serial Loss clause	Terms & Conditions	x	x	nil	nil	nil	nil
	Any deviation from/omission of serial defects clause	Terms & Conditions	x	nil	nil	nil	nil	nil
	Any deviation from/omission of micro cracking clause on accounts containing Solar PV assets	Terms & Conditions	x	x	nil	nil	nil	nil
	Any deviation from min required deductible levels	Terms & Conditions	x	x	nil	nil	nil	nil
	Any defects exclusion broader then LEG2/DE4	Terms & Conditions	x	x	nil	nil	nil	nil
	Units under ZRE unit database status Unproven/Issues/Discontinued	Technology	x	x	nil	nil	nil	nil
	Engineering assessment for Underwriting purposes outside of Sustainable energy ZRE protocol	Technology	x	nil	nil	nil	nil	nil
	Prototypical equipment	Technology	Power reserved to Global Underwriting UW					
	BESS assets covered on standalone basis	Technology	x	x	nil	nil	nil	nil
	BESS assets as part of a larger program (As max percentage of TIV)	Technology	x	x	max 5%	max 2.5%	nil	nil
	Rooftop mounted PV	Technology	x	x	x	nil	nil	nil
Exposure Calculation (Methodology for line setting and net retention calculation)	Amendment of gross exposure calculation methodology and net retention calculation methodology and definition of key related terms as per Methodology for line setting and net retention calculation section of this guideline is a Power reserved to Global Underwriting Property Underwriting.	N/A	Power reserved to Global Underwriting UW					
Extended Coverage or natural hazards	Any policy covering only natural hazards or extended coverage (e.g. property damage and/or business interruption policy covering any other non FLEXA (Fire, lightning, explosion, aircraft) peril as for example SRCC (Strike, riot, civil commotion) or natural hazard	N/A	Power reserved to Global Underwriting UW					

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td rowspan="4">Facultative Reinsurance</td><td colspan="8">The requirements specified in the ZRP MR 2h Reinsurance Policy Manual and ZRP MR 4c Ceded and Retroceded Reinsurance Credit Risk Policy Manualare to be followed

Abstract from ZRP MR 4c

Ceded or retroceded reinsurance

Outward reinsurance placements, both treaty and facultative, with reinsurance counterparties on the Authorized Lists or transactions which are collateralized to the full limit (see Collateral Risk Policy Manual MR 4l for applicable

Co-(re)insurance

The authorization process and other risk rules in the ZRP MR 4c also apply to co-insurance and co-reinsurance transactions for which Zurich is liable if these co-(re)insurers are not able to pay their liabilities.

Zurich fronting business for third parties results in reinsurance credit risk

Insurers participating in Zurich's International Programs (IP or IPZ) network and other situations where Zurich fronts local policies, which are then reinsured by the original insurers, expose Zurich to credit risk of third parties. Insurers, reinsurers and retrocessionaires involved in any reinsurance transaction (incl. surety business) require credit risk approval according to section 3.2.

In addition to the credit risk, approval concurrency is required for the terms of such reinsurance or retrocession agreements to net down credit risk. Concurrency means that the insurance, reinsurance and retrocession agreements follow each other at least regarding business cover (limits and retention), term and cancellation as well as exclusion clauses. It is the underwriters' responsibility to check adherence to concurrency. Alternatively, a cut-through-clause from Zurich to the retrocessionaires can be set up, if adherence to concurrency is not feasible due to local contract conditions.</td></tr>
<tr><td>Access to Auto-Fac facilities to protect net is granted to all levels</td><td>Auto Fac</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr>
<tr><td>For Property only, authority to Gross Limits is the lowest between individual Letter of Authority and Gross Limits indicated

All values in USD, gross maximum exposure, The limit are a total aggregate policy limit, including Nat Cat</td><td>Gross Limits</td><td>750</td><td>750</td><td>750</td><td>565</td><td>565</td><td>As per LoA</td></tr>
<tr><td>Access to Spot fac is granted to all levels but UW level 1</td><td>Spot fac</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>nil</td></tr>
<tr><td>Hazard Grade

(HG 5) Occupancies</td><td>Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA.</td><td>Commercial Property</td><td colspan="6">Power reserved to SME</td></tr>
</table>

Historic and Unique property	Limits/Restrictions: In appetite are: Accounts containing incidental historic or unique properties. Incidental are general real estate accounts or regular commercial property accounts having one or a few historic or unique properties Out of appetite are: • Renowned historic or unique sites e.g. royal palaces, cathedrals, churches, monuments (such as statues, war memorials and cultural assets), archaeological sites, celebrity owned historic or unique properties etc. • Stand-alone historic or unique property accounts as single deals outside a designated portfolio segment. These limits and restrictions do not apply for dedicated portfolios with mature “terms and conditions” with proven “historic management procedures” where underwriting of historic property as a portfolio segment can be considered due to: • proven sustainable profitable underwriting results • experienced local underwriting, risk engineering and valuation expertise • appropriate modelling (general and natural hazards) of the exposure • capacity deployment aligned to the identified business case (Global Property Underwriting approval for deviation to this manual is required) Risk Assessment requirements: From a Flexa perils Property Damage and Business Interruption risk assessment view, treat an individual historic or unique location as a HG 4 risk. Underwriting capacity deployment: For capacity deployment (line-setting) view an individual historic or unique location as a HG 4 risk. The linesize we deploy for a historic or unique location is 50% (maximum) of the line-size as presented in appendix 2 to the property guideline for HG4 risk. The 50% is to be applied to the monetary-linesize and %-linesize in appendix 2 to the property guideline. Special attention should be given to further reduce the Zurich Net exposure via auto-fac if the risk related to an individual property is considered to be very high. Very high means that several of the risk features in section 3 (risk management considerations) of the	N/A	x	x	nil	nil	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	"Global Historic and Unique Buildings Property How To Document" are considered to create a high risk. Authority to deviate for level 5 & 6 for Risk Assessment requirements & Underwriting capacity deployment.							
Incidental Energy & TR authority	Incidental Energy & Technical Risk authority - For Energy & TR locations in account coded as Commercial Property	Commercial Property	x	x	nil	nil	nil	nil
Land Improvement	Writing of coverage beyond incidental (10% of TSI location) for land improvements (such as Lawns, plants, shrubs or trees, growing crops and standing timber)	N/A	x	x	nil	nil	nil	nil
Large Limit Gross Limits and Gross Exposure	Yearly request of empowerment of Large limit at least 120 day with Global Property Underwriting discussions for strategy and limits approval	Accounts with Gross Limits above USD 750 m and Accounts where Gross Exposure (calculated as per 2.1.1) is above USD 750 m	Power reserved to Global Underwriting UW					
Location Minimum information and Assessment requirements	As per Appendix 3 of this guideline	N/A	Power reserved to Global Underwriting UW					
Livestock, Bloodstock/ or Animal Insurance	Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA	N/A	Power reserved to SME					
Loss of Attraction	Relevant lower Cat limits per country, zone and Level, as per this guideline, prevail. Only subject to physical loss or damage caused by an Insured Peril to property located in the vicinity (see above) and as a direct result there is a fall in the number of customers attracted to the Insured Premises.	Per event / occurrence On a named basis	50	25	25	20	10	5
		Natural Hazard * Per event / occurrence in the annual aggregate	x	x	x	nil	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	Cover preferably on named "attracting property" basis. If not named recommended Distance Limit of 1 mile or 1,5 Km. No reference to vicinity. *If capacity is required, the location must be named and mapped in CRI. A maximum of USD 2.5 Mio capacity is allowed to a location whose peril scores as "High" or above. Nat Haz limits for CBI must be part of the overall Nat Haz limits offered for a specific zone or Country in a policy / program and not in addition to these limits. For any capacity in xs of 20 MUSD for the Zurich gross-net share the underwriting narrative must include a section why needed and supported.	Other	A min qualifying period of 48 hours before liability applies and max indemnity period of 30 days. For Zurich gross net exposure > USD 20 M the "attracting property" must be named. CBI SMEs are empowered to deviate from limits, qualifying- & indemnity period and naming requirement.					
Man-Made Catastrophe	Individual risks from all lines of business can combine in a single event or claim or related series of events or claims to cause a loss outside the Group's risk tolerance.	Cross LoB Man-Made beyond observation point	Limits per event (net) in % of Available Risk Capital): • For United States 4.5% • For Rest of World 2%					
Money (cash), Securities in locked safes or at the insured premises and cash in transit	Coverage should only be provided on a named perils basis excluding ordinary theft (theft without forcible or violent means) or mysterious disappearance, as we do not want to offer full crime cover (FL product). No coverage for Bankers Blanket Bond or fidelity covers, to be covered by Financial Lines Products The recommendations from the local insurance associations for maximum limits for a type of safe and with or without intruder alarm system should be respected and local guidelines developed. IPZ: In a global program such information about vaults is rarely received and therefore a risk	Locked safes	1m	1m	0.5	0.25	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	assessment may be difficult. There is no global standard on certification and local associations approvals and limits may differ, however the EuroNorm seems to be the globally most accepted, but definitions may not be recognized globally. In IPZ programs coverage should not be exported into the local policies or only with small limits as per Prime guidance.	Unlocked During business hours only. No Cover/Authoritry outside business hours Cash cover must not extend to banks or industries that deal with cash (e.g. change booth). Require special authority	0.01	0.01	0.01	0.01	0.005	0.005
		Cash in transit / ATMs Cash or valuables in transit or ATM coverage should be provided by more specific cash logistics insurance (marine)	0.01	0.01	0.01	0.01	0.005	0.005
Natural Catastrophe Observation point and removal of annual aggregate	Writing of new business or increased lines on renewal business when any applicable Underwriting Limit observation point has been reached. Removal of the annual aggregate applicable to a natural catastrophe peril other than where a portfolio exemption has been granted The specific requirements set in the Nat Cat of this guideline must be followed, along with Global Natural Catastrophe Perils Property UW How to Document on Globuz 2.0.	N/A	x	nil	nil	nil	nil	nil

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Natural Catastrophe Earthquake and Earth Movement (including Volcanic Eruption/Subterranean Fire and Tsunami)	For maximum account level limits refer to Appendix 2. For US exposed locations, see additional requirement in Appendix 2.4 – Nat Cat requirements for US locations For Earthquake Zones by country please refer to the Global Worldwide Earthquake and Named Wind Zones UW Supporting Document on Globuz 2.0. The specific requirements set in the Nat Cat section of this guideline must be followed. *For Zone 4 and where marked with asterisk, either the stated limit or FLEXA / Policy Limit apply, following local market practice.	California All Cal EQ to be treated as Zone 1 7- 8-9-10	25 For higher limits Power reserved to Global Underwriting UW	25	25	25	10	nil
		Zone 1 9-10 Very High	FLEXA / Policy Limit*	25	25	25	10	nil
		Zone 2 7-8 High	FLEXA / Policy Limit*	50	50	50	25	Nil
		Zone 3 5-6 Medium	FLEXA / Policy Limit*	200	200	200	100	50
		Zone 4 1-2-3-4 Low	FLEXA / Policy Limit*	200 or FLEXA / Policy Limit*	200 or FLEXA / Policy Limit*	200 or FLEXA / Policy Limit*	150*	75*
Natural Catastrophe Windstorm, Named Wind, Hurricane and Typhoon (including Storm Surge)	For maximum account level limits refer to Appendix 2. For US exposed locations, see additional requirement in Appendix 2.4 – Nat Cat requirements for US locations Limits for MLE (Modeled Loss Estimate) are subject to a 250 Year MLE of USD 25m for Zone 1 and USD 50m for Zone 2. n-M limits refer to non-Modeled Countries *For Zone 3 and 4 and where marked with asterisk, the FLEXA / Policy Limit apply, following local market practice For Windstorm Zones by country please refer to the Global Worldwide Earthquake and Named Wind Zones	Zone 1 9-10 Very High	FLEXA / Policy Limit*	150 MLE & n-M 25	150 MLE & n-M 25	150 MLE & n-M 25	100 MLE & n-M 10	25 MLE & n-M 5
		Zone 2 7-8 High	FLEXA / Policy Limit*	200 MLE & n-M 50	200 MLE & n-M 50	200 MLE & n-M 25	100 MLE & n-M 25	25 MLE & n-M 5
		Zone 3 4-5-6 Medium	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
	UW Supporting Document on Globuz 2.0. The specific requirements set in the Nat Cat section of this guideline must be followed All US Named Windstorm risks in Upstream Energy are a strict referral to Level 6.	Zone 4 1-2-3 Low	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*	FLEXA / Policy Limit*
Natural Catastrophe Flood (Fluvial and pluvial and breach of infrastructure, excluding Storm Surge except for ZNA)	For maximum account level limits refer to Appendix 2. Maximum limits for the gross-net Zurich share before treaty reinsurance. The specific requirements set in the Nat Cat of the this guideline must be followed * Where marked with asterisk, the FLEXA / Policy Limit apply, following local market practice	Very High or Unknown 9-10 High 7-8	FLEXA / Policy Limit*	25	25	25	10	5
		Medium 5-6	FLEXA / Policy Limit*	50	50	50	25	10
		Low 1-2-3-4	FLEXA / Policy Limit*	250 or FLEXA / Policy Limit*	250 or FLEXA / Policy Limit*	250 or FLEXA / Policy Limit*	75	25

<table>
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<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td>Natural Catastrophe

Dam breakage
Netherland</td><td>Power reserved to Subject Matter Experts. Authority is specifically indicated in the LoA
Subject to the following Country/Region maximum delegated authority per zone:
• EMEA (ex UK) – USD 580m
Please see Netherlands Dam Breakage Section 5.1.5 above for EMEA Country split
• North America – USD 480m
• LATAM – USD 10 Mio
• UK – USD 250 Mio
• APAC – USD 50 Mio
• Global– USD 30 Mio
Once 90 % of the net exposed limits (observation point) for one zone is exceeded, Global Property Underwriting needs to be notified immediately and mitigation actions may be required.

The specific requirements set in the Nat Cat section of this guideline must be followed
(*)The standard maximum Zurich Net exposed limit capacity per account as expressed in under section underwriting Level gives guidance as best practice for the SME's. Despite there might be reasons to deviate on single cases. In such case the SME must document a rationale in the underwriting narrative.
For more guidance, please refer to the Nat Cat How to in Globuz 2.0</td><td>N/A</td><td colspan="6">Power reserved to SMEs

The standard maximum Zurich Net exposed limit capacity per account(*) is based on CRI score

CRI score 1 to 6: max USD 10 m p.o./a.a.
CRI score 7 to 9: max USD 5 m p.o./a.a.
CRI score 10: max USD 2.5 m p.o./a.a.

The ultimate maximum Zurich Net exposed limit capacity as delegated to the SME's per account is USD 10 m p.o./a.a.

Any Zurich Net exposed limit capacity per account in xs of USD 10 m p.o./a.a. requires a request for empowerment to Global CI.</td></tr>
<tr><td>Natural Hazards</td><td>Policies only covering natural hazards or extended coverage</td><td>N/A</td><td colspan="6">Power reserved to Global Underwriting</td></tr>
</table>

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Non Standard Property perils, extensions and coverage	Incidental exposure up to the indicated limits (Mio net to Zurich) can be written within each Country by Level 5 and 6. Global Property Underwriting is empowered above the indicated limits The net exposure to Zurich includes limits afforded to an individual insured or those that present a systemic risk to the Group from a single occurrence When coverage provided, local accumulation tracking and monitoring is required. *CAR/EAR/Builder's Risk coverage within Property policies (combined Policies) must only be for <u>incidental construction/erection</u> - incidental is deemed to be anything up to, and including, a total contract value of USD 10 million for Zurich's gross share, or USD 100mm on a 100% account basis, whichever is less Such sub-limits <u>must not provide</u> coverage for ALoP / DSU. Any one-off (stand-alone) CAR/EAR/Builders Risk project must be referred to the local Engineering Lines underwriter with the relevant underwriting authority. Such risks are to be ceded to the Engineering Lines portfolio/treaty – not the Property portfolio/treaty. Levels 6 can deviate. Special considerations: • Cyber (see specific guidelines)	Non-Standard Applicable to non-standard perils, extensions and coverage normally covered under more specific lines of business / coverage (e.g. incl. but not limited to Marine non Inland, Aviation, Liability, Motor, Financial Lines, Jewelry, Watches, Fine Arts, Furs, Precious Metals, Ports & Terminals,Equipment handling Shipyards, Shipbuilders) When written under Property, proper wording (to be checked with respective LoB) has to be added	5	5	nil	nil	nil	nil
		Inland Transit	25	25	25	10	10	10

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
		CAR / EAR / Builder's Risk (excluding ALoP/Delay in Completion/ Start-up)	x	25	Incidental only *			
		Contractor equipment	25	25	10	5	5	5
Non Physical Damage BI and Non Property Peril Exclusions	NO empowerment/authority is granted for the following non-Property perils: • Bankruptcy • Contamination / Pollution / Seepage and Debris Removal associated to it (unless caused by an Insured Peril to Insured Property or Limited clean-up costs for Land and Water and unless it applies to risks located in a jurisdiction which has not approved such restriction or where other regulatory restraints prohibit Zurich from implementing such restriction, nor does this restriction apply in the event such clause is adjudged to be unenforceable by a court of law. • Contingency Insurance, Event coverage • Errors and Omissions (other than limited to unintentional errors in description or reporting of locations / values) • Fidelity/Crime (Financial Lines) • Faulty workmanship (other than ensuing damage from an insured peril) • Infectious communicable diseases • Insolvency (Surety) • Loss of Profits from Ash Cloud/Volcanic Eruption not based on material damage at the insured premises • Non Physical Damage BI • Pandemic • Product Recall • Regulatory risk • Reputational damage • Stock price fluctuation • Any and all viruses, either known or unknown, named or unnamed. • Weather related cover not based on a physical damage at the insured premises							
Non Physical Damage BI (NPDBI)	Any or all perils or coverages are powered reserved	N/A	Power reserved to Global Underwriting					
Parametric Insurance	Any parametric insurance product or derivation of such (e.g. indemnity based on parametric) for Property, Energy and Technical Risk	Property, Energy and Technical Risk	Power reserved to Global Underwriting					

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td>Port & Terminals</td><td>Insurance coverage for equipment-handling, property and business interruption risks including but not limited to port, terminal, ship builders, shipyards and other cargo-handling facility operators

Such coverage is usually offered by Specialty Teams in Ocean Marine policies</td><td>N/A</td><td colspan="6">Power reserved to Global Underwriting</td></tr>
<tr><td>Pool Risk Participation

Local Governmental insurance schemes, pools or authorities relating to specific perils or a group of perils</td><td>Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA

For Nuclear Pools the specific requirements set in section Nuclear Pool must be followed.

Requests for empowerment needs to be entered into the Globuz 2.0 log and addressed to the Global Head of Property & Energy (and Team)</td><td>N/A</td><td colspan="6">Power reserved to SME</td></tr>
<tr><td rowspan="3">Public Utilities / Service Interruption</td><td rowspan="3">Relevant lower Cat limits per country, zone and Level, as per this guideline, prevail.

Only subject to direct physical loss

No coverage for “accidental failure” without a proper definition of insured perils and a material damage trigger.

Recommended Distance Limit of 8 miles or 13 Km

Nat Haz limits for CBI must be part of the overall Nat Haz limits offered for a specific zone or Country in a policy / program and not in addition to these limits.

For any capacity in xs of 20 MUSD for the Zurich gross-net share the underwriting narrative must include a section why needed and supported.</td><td>Per event / occurrence</td><td>50</td><td>25</td><td>25</td><td>20</td><td>10</td><td>5</td></tr>
<tr><td>Natural Hazard

Per event / occurrence in the annual aggregate</td><td>x</td><td>x</td><td>x</td><td>nil</td><td>nil</td><td>nil</td></tr>
<tr><td>Other</td><td colspan="6">A min qualifying period of 48 hours before liability applies and max indemnity period of 30 days.

CBI SMEs are empowered to deviate from limits, qualifying- & indemnity period.</td></tr>
<tr><td>Restricted Covers & Exposures</td><td>Restricted Covers and Exposures is a Power reserved to SMEs

Account containing

1. High rise buildings *</td><td>Target business

& Target with Caution

(Consult How to for guidance)</td><td colspan="6">As per Line Setting rule</td></tr>
</table>

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td rowspan="2"></td><td rowspan="2">2. Low rise buildings incorporating combustible composite panels

The reduced capacity applies for the above occupancies and location affected and the specific requirements set for 1) in the Global High Rise Building Property UW How to Document and for 2) Global Composite Panel Property UW How to Document (both found on Globuz 2.0) must be followed.

Identified individuals (SMEs - authority is indicated in LoA) can deviate from the Caution and Extreme Caution and sign-off higher limits based on the SME/RE agreed and documented rationale

*For High Rise buildings there is guidance on how to create EMLs and starting point should be an initial assumption of total loss 100% PD, please see full guidance in the Global High Rise Building Property UW How to Document.</td><td>Caution

(Consult How to for guidance)</td><td colspan="6">SME can deviate from the below

Line-setting capabilities for the location "gross-net" reduced to 50% with max 25 MUSD Zurich "Net".

Autofac can expand up to treaty attachment.

Line-setting capabilities based on CI Property Guideline Appendix 2</td></tr>
<tr><td>Extreme Caution

(Consult How to for guidance)</td><td colspan="6">Power reserved to SME</td></tr>
<tr><td>Rolling Stock or railway structures</td><td>New and renewal business for rolling stock or railway structures. Country exemptions supersede this Power reserved.

Where rolling stocks and/or railways structures are incidental to the traditional Property risk and an integral part of the insured property (comprising less than 10% of the overall policy sum insured at a single location but not more than USD 50 million sum insured on a 100% basis), these are deemed to fall within the standard Property underwriting authority.</td><td>N/A</td><td colspan="6">Power reserved to Global Underwriting UW</td></tr>
</table>

<table>
<tr><th rowspan="2">Coverage</th><th rowspan="2">Limits / Restrictions</th><th colspan="7">Underwriting Level</th></tr>
<tr><th>Category</th><th>6</th><th>5</th><th>4</th><th>3</th><th>2</th><th>1</th></tr>
<tr><td>Single Location Total Sum Insured

(Net TSI)</td><td>Any location where the Zurich NET exposure, expressed in Total Sum Insured incl. BI (TSI) at a single location is equal or below the indicated limits

The maximum limit of liability (loss limit) of the policy can reduce the Zurich net exposure.

Any other exposure calculation as per 2.1.1 cannot be used to reduce the Zurich net exposure.

Subjectivities for Empowerment levels 1, 2 and 3 are as follows:

e) Net authority is the lesser of the amount shown, or the Underwriters gross authority;

f) For Power, Mining ,and Downstream/Midstream, Chemical Energy business, the maximum net authority is USD 30mm;

For Upstream E&P, the maximum net authority is USD 15mm.

Request of empowerment are not required when line setting is based on TEML and the TEML is lower than USD 750 Mio. (Depending upon local levels of Authority, a standard referral may be required, but requests of empowerment are not needed).

If the TEML on an account is within USD 100 Mio of the relevant treaty limit, then UWs will access automatically the USD 100m xs USD 400m excess treaty as a buffer layer of “TEML bust” protection.

As of July 1st 2021 - Excess treaty capacity of USD 100’000’000 in excess of USD 400’000’000 (automatic access) is in place instead of Spot-Fac for TEML buffer protection</td><td>All</td><td colspan="2">Zurich Net

lower or equal than 500 but lower or equal than 750 for ZNA Healthcare require expert acceptance

Amounts higher than 500 and 750 for ZNA Healthcare require two experts acceptance

Power reserved to Global Underwriting for amounts exceeding 750 and 1000 for ZNA Healthcare</td><td>Zurich

Net

250</td><td>Zurich

Net

50</td><td>Zurich

Net

50</td><td>Zurich

Net

50</td></tr>
<tr><td>Space and space related risks</td><td>This includes the launch site facilities themselves, satellites, spacecraft, launch vehicles and major components thereof from the beginning of transit to the launch site and after launch.

Testing of satellites is Power reserved to Global Underwriting Property Underwriting</td><td>N/A</td><td colspan="6">Power reserved to Global Underwriting UW</td></tr>
</table>

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Storage defined as “Too tall too dense”	Auto-fac reinsurance (40xs10 MUSD) is required Storage defined as “Too tall too dense” can be written by any Level as long as the Insights “Too tall too dense” are complied with. Levels 5 and 6 can deviate. For more details on the Storage types, please visit the Global CI UW Insights Too Tall Too Dense	N/A	x	x	nil	nil	nil	nil
Storm Surge (Sturmflut) in Germany	Power reserved to Subject Matter Experts and authority is specifically indicated in the LoA An explicit exclusion must otherwise appear in the policy The specific requirements set in section Nat Cat of this guideline must be followed, along with the Global CI German Storm Surge Property UW How to Document on Globuz 2.0.	N/A	Power reserved to SME					
Stacking / Clashing	Numbers represent net retentions requests for empowerment Any performance management reinsurance view must be excluded from the net retention calculation. Other considerations: Country CUO must provide clear stacking and clash accumulation control guidance and limits including the use of reasonable foreseeability and existing accumulation management systems (REDS where available). They must adhere to the limits and request for empowerment points provided within the Global Stacking and Clash How to Document which can be found on Globuz 2.0. More information on the triggers for pre-bind analysis and how to stack and clash net retentions can be found in the Global Stacking and Clash How to document in Globuz 2.0 Please note Local retention in China (policies issued by Zurich China and not the partners) must be included in the Line setting to avoid any risk of our treaty capacity or risk appetite being exceeded. i.e. the Line setting must consider 100% of local net retention (20 %) and our share on the remaining 80 % (plus any exposure on the Master DIC/DIL for our share).	UW Appetite - Stacking	≤ 110m Country CUO or nominee > 110m -225m Group CUO or nominee > 225m CI CEO. Group CEO if exceeds 450m. The Group Chief Risk Officer shall always be informed					
		UW Appetite - Clashing	150 m Country CUO or nominee > 150m -225m Group CUO or nominee > 225m CI CEO. Group CEO if exceeds 450m. The Group Chief Risk Officer shall always be informed					

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Strike/Lock-out, Riot and Civil Commotion (SRCC)	For information and guidance please consult the Global UW Strike Riots and Civil Commotions How to Document in Globuz 2.0 SRCC cover for countries with a local pool or state scheme for SRCC is powers reserved CI Global Property (Spain, South Africa, Namibia, Algeria, Morocco)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Subsea Cables	Insurance of operational subsea cables falls entirely within Property Energy LoB Definition. Any subsea cable exposure (stand-alone or incidental) must be referred to the SME or Head Global CI Property Underwriting as follows: • Subsea cable laying part of E&P - Energy package: Head of Upstream Energy • Operational accounts part of E&P Energy package: Head of Upstream Energy • Operational accounts NOT part of E&P - Energy package: Global Head of Property / Global Head of Energy	N/A	x	nil	nil	nil	nil	nil
Technical Risk	Required mandatory restrictions and minimum deductibles as per relevant Property ZUG section apply	Light Chemical & Pharma Pulp & Paper Molten Metal	Power reserved to SME					

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Territorial limitations	Belarus, Chechnya, Democratic Republic of Congo, Iran, Iraq, Ivory Coast, Libya, Liberia, Myanmar, North Korea, Palestine, Russia, Sudan, South Sudan, Syria, Ukraine, Yemen and any country not mentioned herein but for which a trade sanction or similar regulatory restriction applies. The writing of all new and renewal case underwritten commercial insurance Upstream, Downstream, Midstream Energy, Power Generation or Mining business where not prohibited by trade sanctions or other similar restrictions in the countries of Iraq, Ivory Coast, Libya, South Sudan, Yemen and Democratic Republic of Congo for Mining only is authorized subject to the approval of an Expert Underwriter L5 and 6, authorized specifically to write these lines of business. All other occupancies remain Power Reserved by Global CI Property Underwriting. Please note exposure written in the above countries could prove challenging due to political instability in terms of risk engineering assessment and claim adjustment and therefore underwriting judgment is needed to minimize risk. Cyber exposure needs to follow the Territorial Limitation but source of the attack can be worldwide	N/A	Power reserved to Global Underwriting UW					
Terrorism	Maximum Account Limits on a single account, available net of fac reinsurance, per occurrence and in the annual aggregate The specific requirements set in section Terrorism of the Property ZUG must be followed, along with Global CI Terrorism Property UW How to Document on Globuz 2.0.	Europe (Domestic and IPZ Domicile)	50	50	50	50	50	10
		Europe (IPZ Foreign)	10	10	10	10	10	Nil
		ZNA USA (Domestic)	TRIA guidelines on Globuz 2.0 to be followed 10m for foreign					
		ZNA – ex USA (Domestic and IPZ Domicile)	50	50	50	50	50	10
		ZNA (IPZ Foreign)	10	10	10	10	10	Nil
		APAC (Domestic and IPZ Domicile)	50	50	50	50	50	10

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
		APAC (IPZ Foreign)	10	10	10	10	10	Nil
		LATAM (Domestic and IPZ)	5	5	5	5	5	Nil
		Middle East & Africa (Domestic and IPZ)	10	10	10	10	10	Nil
	Writing of new business or increased lines on renewal business when any applicable observation point has been reached In addition to the listing under Territorial Limitations, the following additional countries represent exposures that we do not normally wish to write: for Afghanistan, Armenia, Egypt, Israel, Pakistan, and Tunisia authority is restricted to expert underwriters.	N/A	x	x	nil	nil	nil	Nil
Trading Desk	This restriction applies to the authority of writing covers as per Trading Desk rules	Commercial Property Technical Risks	Power Reserved to SME					
Vehicles licensed to operate on public roads or **watercraft** and **aircraft** except whilst on the insured's premises	This restriction does not apply to vessels, supply services and mobile units as written by Energy Upstream (E&P) Global CI Property Underwriting is empowered above the indicated limits	N/A	25	10	nil	nil	nil	Nil
Wording Clause Insuring Clause	The Insuring clause (or its equivalent) in so far as amendment or deletion of "Sudden and accidental physical loss, destruction or damage" is proposed. This power reserved is applicable to both Property Damage and Business Interruption Countries where this Insuring Clause goes against local market practice must follow the Global CI Insuring Clause Property UW How to Document on Globuz 2.0.	N/A	Power reserved to Global Underwriting UW					
Wording Clause Occurrence Definition	Policy wordings must always include an occurrence definition. For natural catastrophe and Terrorism perils this should also include a time specification	N/A	Power reserved to Global Underwriting UW					

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Wording Clause Business Interruption (BI)	Business Interruption insurance can only be written in conjunction with a PD policy. We should participate on both policies with the same share to avoid the Business Interruption claims adjustment to be influenced by conflict of interests on the PD claims settlement. This applies to all business other than where the material damage policy must be covered compulsorily with a public insurer. When separate policies have to be issued (by the same insurers) the BI policy must include a material damage proviso that a BI coverage provided in respect of the interest of the Insured in the Property Insured against such loss exists and that payment has been made or liability admitted therefor (except for deductible).	N/A	Power reserved to Global Underwriting UW					
Wording IPZ Local Non-standard	Exceptional use of local All Risk wording (Countries/Entities, where Zurich Prime is available as a standard) *Please refer to local Head of Property for a list of authorized individuals	IP – 7.1.2	Power reserved to Global Head of Property and Country SMEs* In **addition** (for RC) RC Head of Property or RC CUO approval supported by local authorized UW (Level 4).					
	Manuscripting of Manuscripting of Zurich IP Standard wording *Please refer to local Head of Property for a list of authorized individuals	IP – 7.1.3	Power reserved to Global Head of Property and Country SMEs* In **addition** (for RC) RC Head of Property or RC CUO approval supported by local authorized UW (Level 4).					
	Full Manuscript exported wordings	IP – 7.1.4	Power reserved to Global CI Property or Country SMEs* In **addition** (for RC) RC Head of Property or RC CUO approval supported by local authorized UW (Level 4).					

Coverage	Limits / Restrictions	Underwriting Level						
		Category	6	5	4	3	2	1
Wording Clause War and civil War clause	Applicable to Property business including Onshore and permanently fixed offshore risks. Authority to amend is provided to Commercial Insurance Property Level 5 & 6 solely to incorporate the following carve-back Within the territory of the Continent of Europe, United Kingdom, Channel Islands and Republic of Ireland and subject to no on-going war, civil war or warlike event, the contracts can pay for losses or damages which are a consequence from the explosion of old ammunition from prior wars, provided the explosion occurred within a radius of 1'000 meters from the premises suffering such loss or damage. Losses or damages caused by nuclear devices and radioactive contamination or contamination losses following the release of chemical or biological substances are excluded. Authority to amend is provided to Commercial Insurance Level 6 in respect of Offshore and Floating risks as written by the Energy Upstream (E&P) team.	N/A	Power reserved to Global Underwriting UW					

Appendix 2 – Capacity Deployment - Commercial Property & Technical Risks (excluding 2.1) – In USD / EUR / CHF

This Appendix applies to SECTION B - Case

GENERAL

Treaty capacities for each SIC/NAICS code are available in the "Global Hazard Grade Property and ETR UW Supporting Document" spreadsheet. This can be found in the "related content to this chapter in Globuz 2.0. Note that the tables shown in this Appendix 2 are for *all* Commercial Property business, and some of our Technical Risks classes. For avoidance of doubt, this Appendix 2 set of tables should be read as follows for Technical Risks:

- In the Hazard Grade 3, 4 and 5 portions of these tables, you will note that there are some different $ or % amounts referred to for "TR*." Where the reader sees TR*, these restrictions apply *only* to Pulp & Paper, and Molten Metal occupancies.
- "Chemical" (also referred to as "Light Chemical") and Pharmaceutical businesses do NOT need to use the "TR*" capacities contained herein. But as noted above, the reader t always refers to the Hazard Grade list as well.
- For Upstream, Downstream, & Midstream Energy, as well as Power Generation, Heavy Chemicals and Mining, please see Appendix 2.1.

The maximum Gross Net (also known as "Net and Treaty") Property capacity for Zurich globally is USD 400 million before any facultative reinsurance, including Auto-fac. Any external Fac reinsurance, including ZNA excess facilities and Auto-Fac, can also expand that Gross Net amount.

* A customer is considered to demonstrate a commitment to proper Risk Improvement Action plan when:

- There are no outstanding 'Critical' RIA
- A well-defined action plan for outstanding 'Important' RIA is mutually agreed by Underwriting, Risk Engineering (RE) and the customer
- Financial resources / approved budgets are ensured to fund the action plan.
- Implementation of the action plan will adequately address the previously noted deficiencies and/or critical recommendations.

An acceptable time frame is not exceed 24 months. Any time frame longer is to be referred to Level 5 or 6. Underwriting and RE are accountable to monitor the progress to ensure that the action plan is being implemented in scope and time. In addition, there needs to be proper follow up on the progress of any Risk Improvement Action prior to any renewal quotation and/or authorization.

PROPERTY - MAIN LINE GUIDE - To be used when minimum density ratio is met

In such instances, the following Zurich Gross Net capacity may be used. Otherwise, please see the Alternative Line Guide:

Zurich Gross Net (also known as "Net & Treaty") capacity

In USD / EUR / CHF

COMMERCIAL PROPERTY & TECH RISKS	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy / Currency	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%
HG 1	400,000,000	100%	400,000,000	100%	400,000,000	100%	275,000,000	100%	150,000,000	50%	Decline or RfE	
HG 2	400,000,000	100%	400,000,000	100%	400,000,000	100%	275,000,000	100%	100,000,000	50%		

HG 3	400,000,000 But 250,000,000 for TR*	100% But 30% for TR*	400,000,000 But 200,000,000 for TR*	100% But 25% for TR*	320,000,000 But 150,000,000 for TR*	100% But 20% for TR*	150,000,000 But 100,000,000 for TR*	75% But 10% for TR*	50,000,000 But 10,000,000 for TR*	30% But 5% for TR*	
HG 4	250,000,000 But 150,000,000 for TR*	50% But 25% for TR*	200,000,000 But 125,000,000 for TR*	50% But 20% for TR*	150,000,000 But 100,000,000 for TR*	35% But 15% for TR*	100,000,000 But 75,000,000 for TR*	25% But 10% for TR*	37,500,000 But 10,000,000 for TR*	10% But 5% for TR*	
HG 5	100,000,000	20% But 15% for TR*	$75,000,000	15%	75,000,000 But 50,000,000 for TR*	15% But 10% for TR*	15,000,000	10% But 5% for TR*	10,000,000 But $5,000,000 for TR*	5%	

In addition, excess treaty capacity of USD / EUR / CHF 100'000'000 in excess of USD USD / EUR / CHF 400'000'000 instead of Spot-Fac is available for automatic access for TEML buffer protection

PROPERTY - ALTERNATIVE LINE GUIDE - To be used when minimum density ratio is not met

Zurich Gross Net (also known as "Net & Treaty") capacity

In USD / EUR / CHF

COMMERCIAL PROPERTY & TECH RISKS	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy / Currency	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%	USD EUR CHF	%
HG 1	200,000,000	35%	200,000,000	35%	160,000,000	25%	75,000,000	18%	75,000,000	15%		
HG 2	180,000,000	30%	180,000,000	30%	120,000,000	22.5%	65,000,000	15%	65,000,000	12%		
HG 3	120,000,000	25% But 15% for TR*	120,000,000	25% But 15% for TR*	100,000,000	20% But 10% for TR*	50,000,000	12.5% But 5% for TR*	50,000,000 But 10,000,000 for TR*	10% But 5% for TR*		
HG 4	75,000,000	15% But 10% for TR*	75,000,000	15% But 10% for TR*	55,000,000	12.5% But 7.5% for TR*	37,500,000	7.5% But 5% for TR*	25,000,000 But Decline for TR*	6%	Decline or RfE	
HG 5	25,000,000	7.5%	20,000,000	7.5%	15,000,000	5%	10,000,000	4%	7,500,000 But Decline or RfE for TR*	2.5%		

Appendix 2.1 – Capacity Deployment – GBP

This Appendix applies to SECTION B - Case

Below tables to be used for capacity deployment when main policy currency is in GBP.

PROPERTY - MAIN LINE GUIDE - To be used when minimum density ratio is met

Zurich Gross Net (also known as "Net & Treaty") capacity

In addition, excess Treaty capacity of GBP 70'000'000 in excess of GBP 280'000'000 instead of Spot-Fac is available for automatic access for TEML buffer protection

In GBP

COMMERCIAL PROPERTY & TECH RISKS	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy / Currency	GBP	%	GBP	%	GBP	%	GBP	%	GBP	%	GBP	%
HG 1	280,000,000	100%	280,000,000	100%	280,000,000	100%	192,500,000	100%	105,000,000	50%		
HG 2	280,000,000	100%	280,000,000	100%	280,000,000	100%	192,500,000	100%	70,000,000	50%		
HG 3	280,000,000 But 175,000,000 for TR*	100% But 30% for TR*	280,000,000 But 140,000,000 for TR*	100% But 25% for TR*	224,000,000 But 105,000,000 for TR*	100% But 20% for TR*	105,000,000 But 70,000,000 for TR*	75% But 10% for TR*	35,000,000 But 7,000,000 for TR*	30% But 5% for TR*	Decline or RfE	
HG 4	175,000,000 But 105,000,000 for TR*	50% But 25% for TR*	140,000,000 But 87,500,000 for TR*	50% But 20% for TR*	105,000,000 But 70,000,000 for TR*	35% But 15% for TR*	70,000,000 But 52,500,000 for TR*	25% But 10% for TR*	26,250,000 But 10,000,000 for TR*	10% But 5% for TR*		
HG 5	70,000,000	20% But 15% for TR*	52,500,000	15%	52,500,000 But 35,000,000 for TR*	15% But 10% for TR*	10,500,000	10% But 5% for TR*	7,000,000 But $3,500,000 for TR*	5%		

PROPERTY - ALTERNATIVE LINE GUIDE - To be used when minimum density ratio is not met

Zurich Gross Net (also known as "Net & Treaty") capacity

In GBP

COMMERCIAL PROPERTY & TECH RISKS	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy / Currency	GBP	%	GBP	%	GBP	%	GBP	%	GBP	%	GBP	%
HG 1	140,000,000	35%	140,000,000	35%	112,000,000	25%	52,500,000	18%	52,500,000	15%		
HG 2	126,000,000	30%	126,000,000	30%	84,000,000	22.5%	45,500,000	15%	45,500,000	12%		
HG 3	84,000,000	25% But 15% for TR*	84,000,000	25% But 15% for TR*	70,000,000	20% But 10% for TR*	35,000,000	12.5% But 5% for TR*	35,000,000 But 7,000,000 for TR*	10% But 5% for TR*	Decline or RfE	
HG 4	52,500,000	15%	52,500,000	15%	38,500,000	12.5%	26,250,000	7.5%	17,500,000	6%		

		But 10% for TR*		But 10% for TR*		But 7.5% for TR*		But 5% for TR*	But Decline for TR*		
HG 5	17,500,000	7.5%	14,000,000	7.5%	10,500,000	5%	7,000,000	4%	5,250,000 But Decline or RfE for TR*	2.5%	

Please note below Global Property Per Risk retentions and excess capacity

PROPERTY & TR	USD (USA)	USD (non US and Canada written)	EUR	GBP	CHF
RETENTION	50,000,000 75'000'000 for US Large Prop	50,000,000	50,000,000	35,000,000	50,000,000
GLOBAL PROPERTY PER RISK	350,000,000 325'000'000 for US Large Prop	350,000,000	350,000,000	245,000,000	350,000,000
EXCESS GLOBAL LAYER GPPR	100,000,000	100,000,000	100,000,000	70,000,000	100,000,000
EXCESS LAYER ZNA ONLY	350,000,000	nil	nil	nil	nil
TOTAL	750,000,000	500,000,000	500,000,000	350,000,000	500,000,000

ENERGY	USD
RETENTION	30,000,000
GLOBAL PROPERTY PER RISK	170,000,000 but 220,000,000 (Power Gen)
TOTAL	200,000,000 but 250,000,000 (Power Gen)

Appendix 2.2 – Capacity Deployment – Energy – Energy Downstream (Oil Refining & Nat Gas processing), Midstream, Mining, Power Gen (ex Sustainable Energy), Heavy Chemicals (incl. Petrochemicals)

This Appendix applies to SECTION B - Case

The maximum Gross Net **Energy** capacity for Zurich globally is **USD 250 million for Power Gen and USD 200 million for all other before any facultative reinsurance**, including Auto-fac.

This table applies **only to Downstream (Oil Refining & Natural Gas Processing) and Midstream Energy, Mining, Power Generation, and Heavy Chemicals (incl. Petrochemicals).**

As noted in the foregoing section, the "Technical Risk" occupancies (**Light Chemicals, Pharmaceuticals, Pulp & Paper and Molten Metals) are accessed above in Appendix 2.**

For guidance on which treaty capacities are available for each SIC/NAICS code, the reader is requested to please consult the "Global CI Hazard Grade Property and ETR UW Supporting Document" spreadsheet. This can be found in the "Supporting Document" section of Globuz 2.0

Energy - MAIN LINE GUIDE (excluding Upstream) - To be used when minimum density ratio is met. In such instances, the following Zurich Gross Net capacity may be used. Otherwise, please see the Alternative Line Guide.

Energy – Power Gen

(excluding Sustainable Energy, where a separate line guide in Appendix 2.3 applies)

For Power Gen, see additional guidance on the Global CI Energy and Technical Risk How to Document, where a decision tree can be found and supplement the Energy Line Guide.

Zurich Gross Net (also known as "Net & Treaty") capacity

Energy	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy	USD	%	USD	%	USD	%	USD	%	USD	%	USD	%
HG 1												
HG 2												
HG 3	$200,000,000 But $250,000,000 For Power Gen	50%	$200,000,000 But $250,000,000 Power Gen	50%	$150,000,000	25%	$40,000,000	5%	Decline or RfE		Decline or RfE	
HG 4	$200,000,000	15%	$200,000,000	15%	$100,000,000	10%	$30,000,000	5%				
HG 5	$150,000,000	10%	$150,000,000	10%	$100,000,000	7.5%	$25,000,000	5%				

Energy - ALTERNATIVE LINE GUIDE (excl. Upstream) - To be used when minimum density ratio is not met

Zurich Gross Net (also known as "Net & Treaty") capacity

Energy	Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)		Poor	
Occupancy	USD	%	USD	%	USD	%	USD	%	USD	%	USD	%
HG 1											Decline or RfE	
HG 2												
HG 3	$65,000,000	12.5%	$65,000,000	12.5%	$45,000,000	10%	Decline or RfE					

HG 4	$45,000,000	7.5%	$45,000,000	7.5%	$25,000,000	6%		
HG 5	$12,500,000	4%	$12,500,000	4%	$10,000,000	2.5%		

Upstream E&P

Upstream is exempt from using density requirements.

Following is the maximum available capacity permitted. The E&P Risk Selection Tool for establishing the quality of a risk is to be used in the absence of any adequate internal or external risk engineering information

Zurich Gross Net (also known as "Net & Treaty") capacity

Classification Oil & Gas	Operations	Minimum Risk Score*	Maximum Capacity USD	Required Deductibles	
				PD Damage USD	Loss of Production Income / Loss of Hire
Oil & Gas Operators	Onshore	Excellent/Good	$250,000,000 / max. 25%	150,000	45 days
		Fair	$150,000,000 / max. 15%		
		Poor	$50,000,000 / max. 5%		
	Offshore	Excellent/Good	$250,000,000 / max. 20%	250,000	60 days
		Fair	$150,000,000 / max. 15%		
		Poor	$50,000,000 / max. 5%		
Oil & Gas Drilling Contractors	Onshore	Excellent/Good	$100,000,000 / max. 25%	250,000	45 days
		Fair	$50,000,000 / max. 10%		
		Poor	$25,000,000 / max. 2.5%		
	Offshore	Excellent/Good	$150,000,000 / max. 20%	500,000	60 days
		Fair	$75,000,000 / max. 10%		
		Poor	$25,000,000 / max. 2.5%		
Construction	Onshore	Excellent/Good	$150,000,000 / max. 25%	500,000 / No BI or DSU to be provided	
		Fair	$100,000,000 / max. 15%		
		Poor	$50,000,000 / max. 5%		
	Offshore	Excellent/Good	$200,000,000 / max. 25%		
		Fair	$120,000,000 / max. 15%		
		Poor	$50,000,000 / max. 5%		
Combined Operating/Drilling /CAR**	Onshore	N/A	$250,000,000	150,000***	45 days
	Offshore	N/A	$250,000,000	250,000***	60 days

*Hazard grade not applicable to Upstream, Risk score is established using the E&P Risk Selection Tool

** Multi coverage Lines - PD/BI/Control of Well/Third Party Liabilities/Cargo, all values are stacked up together

*** In case of combined deductible across the policy, otherwise the other deductibles as per each of the section apply.

Examples – Capacity Deployment (Property)

3. Account is Hazard Grade 2 and rates Good. We have Engineering reports on all key locations, representing 85% of the TIV, and some degree of COPE information on the remainder. Our Maximum N&T Limit would equal 315mm. Maximum N&T limit would be 100%.
4. Account is Hazard Grade 4 and rates Fair (score is 110). We have Engineering reports on most of the key locations, representing 65% of the TIV, and some degree of COPE information on the remainder. Client is working with us on a Risk Improvement Action Plan. Our Maximum N&T Limit would equal to 100mm. Maximum N&T limit would equal 50%.
5. Account is Hazard Grade 1 and rates Excellent. This is based upon engineering reports for only the top two key locations. However, there is no Engineering or full COPE information on the remainder of the locations, which represent 60% of the account TIV. In absence of Level 5 sign-off the Maximum N&T Limit would equal 150mm. Maximum N&T limit would be 35%.
6. Account is Hazard Grade 5 and rates Fair (score is 130). This is new business and we only have competitor reports for the top 5 plants, which represent about 40% of the TIV. We have less than COPE on all other locations. Prudent Underwriting would suggest not writing this; but we have the brokers word that the client is taking recommendations seriously, and is willing to work with us on getting information for a majority of the other locations over the course of the next ~6 months. We would then consider quoting maximum N&T line of 7.5mm and maximum percentage of 2.5%. In other words, a "watching line" until information and the risk improves. In the meantime, fac re can be used to build up capacity to a more meaningful level in the first year if desired / required. (If no action taken to improve the risk / location information after 9 months, we should consider giving the broker notice that we are non-renewing).
7. A refining account (Hazard Grade 5) rates Good, and we have strong location information, with detailed competitor reports to drive a trusted score. Solid COPE information is received for all locations, and >80% of the TIV has full reports. Confidence is high in the rating. Maximum N&T line size would be 125mm / 20%.

For further guidance on what NAICS/SIC codes are accessing which Treaty capacity, please consult HG list

Appendix 2.3 – Capacity Deployment – Energy – Power Gen – Sustainable Energy

This Appendix applies to SECTION B - Case

This section applies only to Sustainable Energy business

Energy – Power Gen – Sustainable Energy

'Sustainable Energy' authority shall be explicitly stated on an Underwriters Letter of Authority; otherwise, for avoidance of doubt, there is no Authority to underwrite Sustainable Energy

Sustainable Energy		Excellent		Good		Fair (101-125 with RIA plan*)		Fair (101-125 w/o RIA plan*)		Fair (126-150)	Poor
Occupancy		USD	%	USD	%	USD	%	USD	%	USD / %	
Wind Onshore (per Account)	< or = 150 MW	$75,000,000	30%	$75,000,000	30%	$50,000,00	20%	$30,000,000	5%	Decline or RfE	
	>150 MW	$50,000,000	15%	$50,000,000	10%	$30,000,000	10%	$20,000,000	5%		
Solar Onshore (per Account) (exclude CSP)	< or = 150 MW	$75,000,000	30%	$75,000,000	30%	$50,000,000	20%	$30,000,000	5%		
	>150 MW	$50,000,000	15%	$50,000,000	10%	$30,000,000	10%	$20,000,000	5%		
Battery Storage (per Account)	< or = 100 MW	$50,000,000	15%	$40,000,000	10%	Decline or RfE					
	>100 MW	$30,000,000	10%	$25,000,000	5%						

Appendix 2.4 – Capacity Deployment - CBI

This Appendix applies to SECTION B - Case

Note: Any capacity for "critical industry" always requires a request of empowerment to an SME as they monitor accumulation and adjust continuously appetite and strategy as well review alternative risk-transfer solutions.

STANDARD Capacity Named Suppliers & Customers	Our appetite for Named Suppliers and Customers is based on the level of underwriting information or -data the customer shares with Zurich as well the level of supply chain risk management on the account and the criticality of the individual supply chain objects. Based on these variables the maximum Zurich capacity deployed differs.
STANDARD Capacity Unnamed Suppliers & Customers	Our appetite for Unnamed Suppliers and Customers is very limited because of the high level of uncertainty.
AI – Early Warning Enabled Capacity Named Suppliers & Customers	AI – Early Warning enabled Capacity is available for named Suppliers and Customers. For example, based on the Riskmethods module "Risk Radar" and/or "Risk Analyzer" and/or "Action Planner" acquired by our direct insured as well the level of supply chain risk management and criticality of the supply chain the maximum Zurich capacity deployed differs. For a customer signing up with Riskmethods it requires them to sign the agreement to transfer data from the Riskmethods tool via the API to the Zurich underwriting and accumulation tool REDS once bound (this agreement is included in our standard contract language in the toolbox).

SME
 	
Enabled Capacity
	SME's for CBI:
	
	• can access additional capacity outside what is available through the "Standard Capacity Named Suppliers and Customers" and "AI Early Warning Enabled Capacity" deployment schemes.
	
	• review and approve any capacity deployed related to any critical industry (critical as defined in Critical Industries) as SME's monitor accumulation and adjust continuously appetite and strategy as well review alternative risk-transfer solutions.
	
	SME authority related to CBI is issued via the letter of authority which cannot be delegated.
	
	Individual designated SME's can be assigned to specific named critical industries to further control accumulation and set a designated strategy
	
	Consult the CI Global UW How to document: Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions – Section
	
	• How to prepare a request of empowerment to SME
	  – Risk Assessment requirements
	  – Minimum RE deliverables
	  – Minimum UW deliverables
	
	• CBI UW SME empowerment considerations

STANDARD & AI – Early Warning Enabled Named Suppliers & Customers Capacity

Zurich Gross Net (also known as "Net & Treaty") capacity

SCM rating	Criticality rating	Max Capacity Tier 1 & 2		Max Capacity Tier 1 & 2		Max Capacity Tier 3 and above	Max Capacity Nat Haz CRI score ≥ High
Account rating RE to complete	Per supplier / customer rating RM to complete	Per event/occurrence and per supplier/customer		Per event/occurrence and per supplier/customer		Per event/occurrence and per supplier/customer	Per event/occurrence and per supplier/customer in the annual aggregate
		Non-Critical Industries		Critical Industries			
		Standard	AI Early Warning *	Standard	AI Early Warning *		
		USD M	USD M	USD M	USD M	USD M	USD M
Not Available	Not Available	7.5	15	5	10	SME	2.5
Basic	Not Available	12.5	25	10	20		2.5
Advanced	Not Available	20	40	15	30		2.5
Not Available	Low	12.5	25	10	20		2.5
Not Available	High	7.5	15	5	10		2.5
Basic	Low	20	40	15	30		2.5
Basic	High	10	20	7.5	15		2.5
Advanced	Low	30	60	25	50		2.5
Advanced	High	12.5	25	10	20		2.5

* The current "AI – early warnings Enabled" capacity refers to global CI (UW & RE) approved AI technology only after review of the capabilities and information delivered. The sign-off of data providers for the purposes of capacity deployment is Power reserved to Global Underwriting.

Accumulation	The UW always (irrespective critical or non-critical industries) needs to check the accumulation and account underwriting and management tools for potential accumulation and stacking of net retentions. It is the duty of the UW to limit stacking of net limits. This can be done through reduced limits, restructuring of the program (share, layering…), reduction of the exposure, reinsurance, declaration as one risk, etc. Stacking referral limits as per Appendix 1 apply.
Critical Industries	The "critical industries" or specific NAICS flagged as such in the Global CI Hazard Grade Property and ETR UW Supporting Document Also **"virtual manufacturing companies"** are to be treated as critical industries. Virtual manufacturing companies are companies which outsource > then "60 %" of their "parts and subassembly production" or "product value chain" as part of their business model and as such are extremely dependent on their supply chain.
Indemnity period	A period of indemnity of up to 90 days is recommended for named . The period of indemnity should never exceed 12 months. A longer POI requires a request for empowerment from SME.
IPZ	CBI cover under the Master Policy can be provided subject to the territorial scope of the Master Policy.
Max Capacity	For Standard capacity reference is made to the fields with green background colour in the table. For Riskmethods enabled capacity reference is made to the fields with yellow background colour in the table. Max capacity is for the Zurich Gross-Net share. Cover should be excluding CAT & Terror. The underwriter should only deploy capacity in relation to the risk. For this the risk scenario(s) including accumulative or stacking scenario(s), account structure and UW conditions must be taken in consideration before deploying any capacity Any capacity in xs of the limits as per table requires approval from an SME. Prior to submitting proper preparation must be completed. Ref. Is made to the CI Global UW How to document: Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions.
Max Capacity	Coverage and capacity for Nat Haz perils should be standard excluded.

Nat Haz	If capacity is required, the location must be named and mapped in CRI. The max. NAT HAZ capacity is governed and limited by the individual authority level for NAT HAZ of the individual underwriter as well the NAT HAZ underwriting guidelines. If the respective Nat Haz peril (Flood, EQ, Wind or other) CRI score for the location is equal to or above "high" then the CBI/CTE capacity for that Nat Haz peril needs to be reduced to max USD 2.5 M. NAT HAZ limits for CBI must be in the annual aggregate and be part of the overall NAT HAZ limits offered for a specific Zurich zone or country in a policy/program and not in addition to these limits. Any capacity in xs of the limits as per table requires approval from an SME.
Max Capacity Tier	Named CBI/CTE capacity in the tables refers to either named direct- or indirect suppliers/customers up to max 2nd Tier. Tiers above 2nd Tier require SME approval Any capacity in xs of the limits as per table requires approval from an SME.
Named	Name, Address, Geocodes, Limit, Type (supplier of customer), Key loc. must be on file as well uploaded in the Zurich accumulation Database (REDS) once bound and once REDS is enabled for upload. For Riskmethods customers who signed up to the risk radar tool an API supports transfer of data to REDS.
Criticality rating	For the criticality rating to be considered risk management of our direct insured must complete the impact analysis questionnaire on a per supplier/customer basis. The questionnaire combines insights on criticality and impact of the individual supplier/customer on the value chain of our direct insured. The criticality rating can be: low or high. The data must be stored on file as well uploaded in the Zurich accumulation Database (REDS) once bound and once REDS is enabled for upload. For Riskmethods customers who signed up to the risk analyser tool the evaluation can be done within the tool and an API supports transfer of data to REDS. Ref. is made to the CI Global UW How to document: Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions for details.
SCM rating	For the Supply Chain Management (SCM) Rating to be considered. The SCM review for the account must be completed by ZRE. The Rating is based on risk management integration in procurement and strategy/planning, strategy on resilience, actions taken based on loss notifications, forward looking actions etc. The SCM rating can be: NA (Not Available), Basic or Advanced. Ref. is made to the CI Global UW How to document: Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions for details.
SME	Request for empowerment from SME

STANDARD Unnamed Customers & Suppliers Capacity

Zurich Gross Net (also known as “Net & Treaty”) capacity

Max Capacity Tier 1	Max Capacity Tier 1	Max Capacity Tier 2 and above	Max Capacity Nat Haz
Per event/occurrence Non-Critical Industries USD M	Per event/occurrence Critical Industries USD M	Per event/occurrence USD M	Per event/occurrence and in the annual aggregate USD M
2,5	1	SME	UW Level ≥ 4

Critical Industries	The “critical industries” or specific NAICS flagged as such in the Global CI Hazard Grade Property and ETR UW Supporting Document Also **“virtual manufacturing companies”** must be treated as critical industries. Virtual manufacturing companies are companies which outsource > then “60 %” of their “parts and subassembly production” or “product value chain” as part of their business model and as such are extremely dependent on their supply chain.
Indemnity period	A period of indemnity of up to 30 days is recommended for unnamed. The period of indemnity should never exceed 12 months. A longer POI requires a request for empowerment from SME.

Max Capacity	Maximum Zurich Gross-Net capacity in USD Million on a per event/occurrence and per supplier/customer basis and if NAT HAZ perils are included annually aggregated. *The amounts as shown in the table are the maximum Zurich Gross-Net capacity limits available. The underwriter should only deploy capacity in relation to the risk. For this the risk scenario(s), account structure and UW conditions must be taken in consideration before deploying any capacity* Any capacity in xs of the limits as per table requires approval from an SME.
Max Capacity Nat Haz	Cover should be offered on a FLEXA basis or on an "Insured Peril" (All Risk) basis but excluding NAT HAZ and terrorism. Underwriters L4 and SMEs have authority to deviate and add NAT HAZ cover subject to an annual aggregate limit. This can only be done upon careful assessment of the additional risk and documentation thereof in the narrative and subject to additional pricing. The NAT HAZ limits should be part of the overall NAT HAZ limits in the policy and not in addition. The above max. NAT HAZ capacity is governed and limited by the unnamed CBI limit, the individual authority level for NAT HAZ of the individual underwriter as well the NAT HAZ underwriting guidelines.
Max Capacity Tier	Unnamed CBI/CTE capacity must be limited to Tier 1 (direct suppliers/customers with contractual relationship). Cover for unnamed indirect suppliers/customers (2nd Tier) and/or any supplier/customer without contractual relationship to our direct insured will require approval from the SME's. Any capacity in xs of the limits as per table requires approval from an SME.
SME	Request for empowerment from SME

For further items related to wording guidance ref. is made to Wording guidance section of the CI Global UW How to document: Contingent Business Interruption and Physical Damage Business Interruption Cover Extensions. The table below summarises for named and/or unnamed CBI further restrictions from the wording section and defines empowered levels of authority.

Unnamed & Named			Unnamed & Named Critical Ind.	Named Non Critical Ind.
Domestic policy	Min Deductible	Named declaration based on headquarter or company name only	IPZ Local policy	IPZ Local policy
Cover home country only	Per event/occurrence and per supplier/customer	No Cover provided	No Cover Provided	CBI limited to LP territory CBI list names/addresses attached
	ADV/DV			
Uw with IPZ authority	7 for uw Level < 4 3 for uw Level ≥ 4 ≤ 3 ADV/DV for SME	SME (including forward looking plan)	Global Property Underwriting	Global Property Underwriting

Appendix 2.5 – Nat Cat requirements for US locations

This Appendix applies to SECTION B - Case

For Non-US produced business, when writing accounts with locations in the US, below is a requirement to be applied at point of underwriting.

L5 and L6 can deviate

For US produced business, there are directives in place to be followed

CAPACITY

Strictly adhere to Global CI UW capacity

DEDUCTIBLES

The following are target deductibles, regardless of authority level:

- Named Wind Zone 1 or CRI 9-10: 5% of values subject to $250,000/occurrence minimum
- Named Wind Zone 2 or CRI 6-7-8: 2% of values subject to $100,000/occurrence minimum
- California EQ: 5% of values subject to $250,000/occurrence minimum
- No "per unit of insurance" deductibles or deductible aggregates/caps
- Consult with local Nat Cat SME / Global CI for potential exceptions

(If writing an excess layer, the primary layer can contribute to the deductible amount)

PRICING

Critical Nat Cat capacity should exceed 100% APMP for each individual peril region. Pricing should reflect all expense for reinsurance placed to limit Nat Cat exposures to within our risk tolerance.

Execute on the API optimization strategy:

- Target API to (Account) Premium Ratio of <= 3:1 to achieve proper risk/reward
- Improve terms and conditions, scale back capacity and/or purchase Spot Fac on renewals to reduce excessive API accumulations on individual accounts

FAC

Consider purchase of Spot Fac to limit the 1000-year and 2000-year modelled loss to USD 25m especially where there are large incremental increases in PML between return periods (e.g. between 1000-2000 or 2000-5000 year RPs). The Cat MP should fully reflect all Spot Fac premiums.

REQUEST OF EMPOWERMENT

All new and renewal accounts with critical Cat (US Wind and EQ California) API combined above USD 20m need to be approved by Global Property Underwriting, after sign-off of L5 or L6.

Appendix 3 – Location Assessment and Minimum Information Requirements

This Appendix applies to SECTION B - Case

1. General

The table below shows the types of assessment and resulting Risk Quality Levels by location.

For minimum requirements on input, assessment method and minimum deliverables corresponding to the type of assessment, please refer to "Minimum Information – Risk Assessment Requirements" table below.

Underwriters should contemplate maximum potential account participation when applying the tables.

Risk Quality Level are the ones used for OARQR and pricing.

2. Location Assessment – General

A Full Risk Engineering Assessment can be carried out in the form of a Desktop Assessment (without a physical visit to the location) or of an On-Site Assessment.

"Adequate Information" as defined in the Glossary of this guideline is required to carry out a Desktop Assessment. Such "Adequate Information" is typically obtained from a non-Zurich risk engineer (broker or other third party) that has collected the relevant information and evidence while being physically at the location. The Zurich risk engineer that carries out a Desktop Assessment utilizes public sources of information or contacts the customer directly to complement as necessary.

When a Full Risk Engineering Assessment is required and obtaining "Adequate Information" is not feasible without a physical visit to the location, an On-Site Assessment by a Zurich risk engineer would be needed.

An Exposure Review is carried out with less than "Adequate Information", mainly utilizing first-hand information directly from the customer's location staff, the broker or other third parties and public sources of information.

Consult Global CI Engagement with Risk Engineering and RIA Management UW Guideline Chapter 15 , section 4 "Risk Engineering Assessment" For further reference

"Locations subject to only to DIC/DIL coverage are exempted from all risk assessment requirements, but only if:

- They are covered by a 3rd party underlying policy
- The underlying policy provides coverage on an "all-risk" basis with no material difference in coverages and limits from our master policy.

Material difference in limit in the master policy is defined to be anything greater than 110% of the relevant underlying policy limit, not to exceed USD 10 m for Zurich gross share or USD 100 m on a 100% account basis, whichever is less."

Type of assessment		Risk Quality/Grading Score
Basic	Underwriter quotes based on self-UW assessment of Construction, Occupancy, Protection and Exposure (COPE) and Global Hazard Maps. Only Global certified tools (e.g. Self-Risk Assessment Light or Full, Cogito, Predictive Analytics where present) can be used for assessment)	Good: 90 Fair: 130 Poor: 180

Intermediate (completed by Underwriter)	Underwriter quotes based on self-UW assessment of COPE plus additional information and Global Hazard Maps Only Global certified tools (e.g. Self-Risk Assessment Light or Full, Cogito, Predictive Analytics where present) can be used for assessment)	Using SRA Light, Predictive Analytics, etc. Excellent: 40 Good: 90 Fair: 130 Poor: 180 Using SRA Full, Cogito, etc. Excellent-Superior: 25 Excellent-Standard: 50 Good-Superior: 75 Good-Standard: 100 Fair-Standard: 125 Fair-Substandard: 150 Poor-Standard: 175 Poor-Substandard: 200
Intermediate (completed by Risk Engineering)	Underwriter quotes based on Z-RE Exposure review of COPE+ and Global Hazard Maps The COPE+ risk information must be developed by Z-RE	Excellent-Superior: 25 Excellent-Standard: 50 Good-Superior: 75 Good-Standard: 100 Fair-Standard: 125 Fair-Substandard: 150 Poor-Standard: 175 Poor-Substandard: 200
Risk Engineering	Desktop or On-site Risk Engineering Assessment	Risk Grading Score

Where assessment tools (e.g. Zurich Risk Advisor, Cogito) are used that produce Risk Grading score bands (e.g. 50 – 75), the upper boundary of the range is used in the Underwriting process.

3. *FLEXA Section*

The Tables shows the type of assessment needed per individual location by PD Hazard Grade and 100% TIV.

When dealing with accounts with multiple locations, no assessment is required for the locations where Zurich net & Treaty share is or expected to be less than USD 1 Mio OR no assessment is required for the locations up to USD 2.5 Mio PD+BI based on 100% valuation w/o coverage extensions. No inclusion of the locations in the density calculation is required in both cases. Assessment of at least the top two or three locations is needed in any case.

Whenever a Full or Intermediate Risk Engineering (RE) Assessment is carried out, RE delivers a location Overall Risk Quality Level (Excellent, Good, Fair or Poor). The following RE re-assessment frequencies are required:

Location's Overall Risk Quality Level	Intermediate RE	Full RE
Excellent or Good	4 years	3 years
Fair	2 years	1 year*
Poor	1 year*	1 year*
All – Power Generation	1 year**	1 year**

Along with the location Overall Risk Quality Level, Risk Engineering delivers Risk Improvement Actions (RIAs) to insured customers as appropriate after an On-Site Risk Engineering Assessment has been carried out to a location. RIAs may also be delivered after a Desktop Risk Engineering Assessment of an insured location under certain circumstances. RIAs are managed as described in Global CI Engagement with Risk Engineering and RIA Management UW Guideline Chapter 15, section 5 "Risk Improvement".

* Underwriter may change the required location re-assessment frequency from 1 year to 2 years when there is no indication that the Overall Risk Quality Level may have improved by the end of the first year after the assessment date, for example based on the customers' feedback regarding their intention to implement the agreed RIAs or the progress reported.

** The age of information is limited to 1 year for Power Generation due to the dynamic environment. If an UW wants an exception it should be based on the RAA concluding that a steam plant or Hydro (no exception for GTG plants) is static, rates Excellent, it was previously visited by Risk Engineering, has no recent or upcoming maintenance activities that warrant review/advice.

With a sound relationship between the plant and the RE, a phone call would suffice.

PD+BI based on 100% valuation w/o coverage extensions

(in Million USD)

Location Assessment - FLEXA

More than $ 100					
Up to $100					
Up to $ 50					
Up to $ 40					
Up to $ 30					
Up to $ 20					
Up to $ 10					
Up to $ 5					
Up to $ 2.5	No assessment required				
	PD HG 1	PD HG 2	PD HG 3	PD HG 4	PD HG 5

4. Business Interruption Section

The Table below shows the type of assessment needed per individual location by BI Hazard Grade and Turnover or BI sum insured.

BI Service Levels types based on Turnover and BI Sum Insured

**Exposed Turnover	*Exposed BI sum	BI HG 1	BI HG 2	BI HG 3	BI HG 4	BI HG 5
> 150 mUSD	> 100 mUSD	SL 2	SL 2	SL 2	SL 3	SL 3
≤ 150 mUSD	≤ 100 mUSD	SL 1	SL 2	SL 2	SL 3	SL 3

≤ 75 mUSD	≤ 50 mUSD	SL 1	SL 1	SL 2	SL 2	SL 3
≤ 50 mUSD	≤ 30 mUSD	Basic	SL 1	SL 1	SL 2	SL 2
≤ 30 mUSD	≤ 20 mUSD	Basic	Basic	SL 1	SL 1	SL 2
≤ 20 mUSD	≤ 10 mUSD	Basic	Basic	Basic	SL 1	SL 1

(*): Initial estimate will be based on Gross Profit or Gross Earnings of the site during the indemnity period

(**): If exposed BI sum insured is not available, use exposed turnover of the site during the indemnity period

The underwriter and account engineer are to reconfirm the BI Service Level for the sites as well as the interdependent sites and decide on the most appropriate comprehensiveness of the BI risk assessment.

The BI Service Levels are defined:

Risk Engineering BI Service Level (SL)	Description of Business Interruption Service Level
Basic	BI assessment by UW – no RE service for BI
RE BI SL 1	Lean BI Analysis Service: BI Loss Estimate (BI LE) delivered always for an on-site RE assessment
RE BI SL 2	Standard BI Analysis Service: BI Loss Estimate + BI Risk Grading (BI RG)
RE BI SL 3	Advanced BI Analysis Service: BI Loss Estimate + BI Risk Grading + Interdependency Analysis (IA) Independent BI trigger if more than incidental share of exposed BI sum insured falls in BI service level 3, also when not triggered by Fire / FLEXA RE site risk assessment

5. *Natural Hazard (Flood, Earthquake and Windstorm) Section*

General

The approach outlined in this section considers individual locations and does not consider accumulations, i.e. total risk of all locations that could potentially be impacted by a single event.

Geocode/Address verification

There is no density or re-assessment frequency requirement for natural hazard assessments. However it is essential that addresses and/or geocodes provided by the customer / broker of any locations with Zurich Gross-Net values over USD 200 Mio are verified to ensure the adequate level of assessment is determined. The verified geocodes will be input for risk modelling tools and pricing.

Such verification is visually done by the underwriter using public maps, e.g. Google Map or Bing Map (refer to table of Minimum Information – Risk Assessment Requirements for geocodes verification requirement). Please note that incorrect information of geocodes can also be due to incorrect address provided by customer / broker.

Risk Engineering must also verify location addresses and geocodes whenever engaged for Intermediate RE or Full assessments.

If the hazard level changes due to correction of geocode (as detailed above) or to the application of a different hazard map, the type of assessment required should be adapted accordingly. For example, an Intermediate Underwriter assessment for Flood is initially required for a site with Zurich Global Flood Map Score of ~~3~~ 4 and TIV of USD 150 million (Zurich Gross-Net). After verification of the geocode, the Zurich Global Flood Map Score changes to 9. As a result, Full Risk Engineering Type of Assessment would be required.

Location Assessment - Fluvial and Pluvial Flood
PD+BI based on 100% valuation w/o coverage extensions

(in Million USD)

More than $100										
Up to $100										
Up to $ 50										
Up to $ 40										
Up to $ 30										
Up to $ 20										
Up to $ 10										
Up to $ 5										
CRI Score	1	2	3	4	5	6	7	8	9	10
Hazard Level	Low				Medium		High		Very High	
Local Hazard Map	> 500 Year				500 Year		100 Year		50 Year	
Munich RE Zone1	Zone 0				500 Year		100 Year			

Location Assessment – Storm Surge

PD+BI based on 100% valuation w/o coverage extensions

(in Million USD)

More than $100						
Up to $100						
Up to $ 50						
Up to $ 40						
Up to $ 30						
Up to $ 20						
Up to $ 10						
Up to $ 5						
CRI Score	Outside	1	2.5	4.4	7.0	8.9
Hazard Level	Low		Medium		High	Very High
Return Period	< 1000 Year	1000 Year	500 Year	250 Year	100 Year	50 Year

Munich RE Zone[1]	Outside	1000 years	500 years	250 years	100 years	50 years

1: For rudimentary comparison with former assessment

Location Assessment – Earthquake
PD+BI based on 100% valuation w/o coverage extensions

(in Million USD)

More than $100										
Up to $100										
Up to $ 50										
Up to $ 40										
Up to $ 30										
Up to $ 20										
Up to $ 10										
Up to $ 5										
CRI Score	1	2	3	4	5	6	7	8	9	10
Hazard Level	Low				Medium		High		Very High	
Local Hazard Map (475 Year PGA in g)	0 - 0.008	0.008-0.025	0.025-0.044	0.044-0.12≤	> 0.12 0.18 ≤		> 0.18-0.23	≤ 0.23-0.27	>0.27-0.38	> 0.38
Munich RE Zone1	Zone 0				Zone 1		Zone 2		Zone 3	Zone 4
Zurich Cat Zone 2	Zone IV					Zone III	Zone II		Zone I	

1: For rudimentary comparison with former assessment

2: When mapping Zurich Cat Zone to Munich RE zones, use the highest Munich RE zone

Location Assessment – Windstorm (Tropical and Extra-Tropical)
PD+BI based on 100% valuation w/o coverage extensions

(in Million USD)

More than $100										
Up to $100										
Up to $ 50										
Up to $ 40										
Up to $ 30										
Up to $ 20										
Up to $ 10										
Up to $ 5										
CRI Score	1	2	3	4	5	6	7	8	9	10
Hazard Level	Low			Medium			High		Very High	
Local Hazard Map (100-year Gust in mph)	≤ 58	>58-≤70	>70-≤80	>80-≤85	>85 ≤90	>90-≤95	>95-≤100	>100-≤107	>107-≤113	>113
Munich RE Tropical 1	Out-side	0				1				2-3-4-5
Munich RE Extra Tropical 1	0	1		2				3		4
Zurich Cat Zone 2	Zone IV			Zone III			Zone II		Zone I	

1: For rudimentary comparison with former assessment. When the matrix indicates different type of assessments for tropical and extra-tropical storms, the higher level of assessment is required.

2: When mapping Zurich Cat Zone to Munich RE zones, use the highest Munich RE zone.

Minimum Information – Risk Assessment Requirements

Basic	Minimum Input	Method	Minimum Deliverable
FLEXA	COPE information (broker/customer)	FLEXA COPE Assessment Matrix or equivalent globally consistent approach	Risk Quality/Grading Score (see Table Location Assessment – General)

Earthquake	Geocode Occupancy Year of Construction (if available)	Global seismic hazard map	Earthquake Zurich rating
Windstorm		Global wind hazard map	Wind Zurich rating
Flood		Global Zurich Global Flood Map tool Global storm surge map (if relevant)	Flood Zurich Rating

Intermediate Underwriter	Minimum Input	Method	Minimum Deliverable
FLEXA	COPE information (broker/customer), supplemented by: • Third-party reports (broker/customer) identified as adequate (see definitions in main document) • Zurich Vendors (e.g. ISO, RMS construction classes) • Public Info (internet) • Phone interviews & Site assessment	"Self-Risk Assessment"[1] tool, Light or Full version https://riskadvisor.zurich.com/, may also be completed by client directly Cognitive Computing Predictive Analytics (to be approved individually)	Risk Quality Grading Score (see Table Location Assessment General)
Earthquake	Geocode Occupancy Year of Construction (if available)	Visual identification of location and correction of geocodes with open source maps, e.g. Google Map. Verification of occupancy Global seismic hazard map	Corrections in RMS and pricing tools as appropriate: • Refined occupancy[2] Earthquake Zurich rating
Windstorm		Visual identification of location and correction of geocodes with open source maps, e.g. Google Map. Verification of occupancy Global wind hazard map	Corrections in RMS and pricing tools as appropriate: • Refined occupancy[2] Wind Zurich rating
Flood		Visual identification of location and correction of geocodes with open source maps, e.g. Google Map. Verification of occupancy Global Zurich Global Flood Map tool Global storm surge map (if relevant)	Corrections in RMS and pricing tools as appropriate: • Refined occupancy[2] Flood Risk Rating (Global Flood model Score) or Flood Zurich Rating (for Storm Surge)

Intermediate Risk Engineering	Minimum Input	Method	Minimum Deliverable
FLEXA	COPE (broker/customer), supplemented by: • Third-party reports (broker/customer) • Zurich Vendors (e.g. ISO, RMS construction class) • Public Info (internet) • Phone interviews	Global Risk Engineering Technical Standards published in TZWiRE for Exposure Review	CURE (Condensed UW RE or equivalent) with: • Overall Opinion of Risk, including view on third party PD + BI Loss estimates if available • Fire Risk Quality Level (Excellent, Good, Fair or Poor) • Building Combustibility classification • Verified geocodes As appropriate and when feasible, also: • Primary Characteristics[6] • Natural Hazards and Additional Perils Assessment (based on global hazard maps)
Earthquake	COPE information supplemented as described above and including • Geocodes as provided (prospect) or available (bound) • Year of construction • Site Layout (or boundary) • Occupancy[2]	Visual identification of the building(s) with open source maps and street views e.g. Google Map or Street View (if available) Identify plan and vertical irregularities with open source maps and street views (if available) Global seismic hazard map	Additions to CURE Report when combined with FLEXA: • Overall Opinion of Earthquake Risk • Loss History As appropriate and when feasible, also: • Primary Characteristics • If possible, Earthquake Secondary Modifiers (any possible modifier, e.g. plan and vertical irregularities, FFEQ[3] and EQSL[4]) • Verified geocode of the critical building When not combined with FLEXA, Earthquake CURE Report with sets of the above deliverables as appropriate
Windstorm	COPE information supplemented as described above and including • Geocodes as provided (prospect) or available (bound) • Year of construction • Site Layout (or boundary) • Occupancy[2]	Visual identification of the building(s) with open source maps and street views e.g. Google Map or Street View (if available) Identify roof-mounted equipment and roof type (when possible) Global windstorm hazard map	Additions to CURE Report when combined with FLEXA: CURE Report with: • Overall Opinion of Wind Risk • Loss history As appropriate and when feasible, also: • Primary Characteristics • If possible, Wind Secondary Modifiers (any possible modifier, e.g. roof covering and roof geometry) • Verified geocode of critical building When not combined with FLEXA, Windstorm CURE Report with sets of the above deliverables as appropriate

Flood	COPE information supplemented as described above and including • Geocodes as provided (prospect) or available (bound) • Site Layout (or boundary) • Building elevation, i.e. lowest occupied storey above sea-level • Occupancy[2]	Global flood hazard tool Global storm surge map (if relevant) Visual identification of the building(s) and water bodies with open source maps, e.g. Google Map. Identify presence of basements and openings at ground levels with street view maps, e.g. Google Street View (if available) Establish value distributions at lower levels (basements, ground levels)	Additions to CURE Report when combined with FLEXA: • Overall opinion of Flood risk • Loss history • Zurich Global Flood Map score of most critical building and water depths at pertinent return periods As appropriate and when feasible, also: • Primary Characteristics • If possible, Flood Secondary Modifiers (any possible modifier, e.g. %Content Below Grade and Contents Vulnerability due to Water) • Verified geocode of critical building When not combined with FLEXA, Flood CURE Report with sets of the above deliverables as appropriate

Risk Engineering Desktop	Minimum Input	Method	Minimum Deliverable
FLEXA	Adequate[5] Risk Information obtained from reliable third-party sources	Global Risk Engineering Technical Standards published in TZWiRE EMEA CMM Risk Assessment tool (certified UWs only) within the CMM matrix[2]	CURE (Condensed UW RE) Report. Mandatory content: • Overall Opinion of Risk including, when third party + public information allow, an opinion on: • anticipated Critical or Important RIA • If information is available, provide loss scenarios and loss estimates (EML and/or PML). Otherwise, loss estimates will be considered 100%. • BI exposures and controls • Fire Risk Grading score • Building Combustibility classification • Natural Hazards and Additional Perils Assessment (based on local hazard maps) • Verified geocodes • Verified Property Pricing Code As appropriate and when feasible, also: • Primary Characteristics[6]
Earthquake	Adequate[5] Risk Information obtained from reliable third-party sources, online information and local resources	Global Risk Engineering Technical Standards published in TZWiRE	Additions to CURE Report when combined with FLEXA: • Overall Opinion of Earthquake Risk • Loss history • Primary Characteristics[6] • If information is available, provide loss scenarios and loss estimates (EML and/or PML). Otherwise, loss estimates will be considered 100%.

			As appropriate and when feasible, also: • If possible, Earthquake Secondary Modifiers • Verified geocode of the critical building When not combined with FLEXA, Earthquake CURE Report with sets of the above deliverables as appropriate
Windstorm	Adequate[5] Risk Information obtained from reliable third-party sources, online information and local resources	Global Risk Engineering Technical Standards published in TZWiRE	Additions to CURE Report when combined with FLEXA : • Overall Opinion of Wind Risk • Loss history • Primary Characteristics[6] • If information is available, provide loss scenarios and loss estimates (EML and/or PML). As appropriate and when feasible, also: • Verified geocode of critical building • If possible, Windstorm Secondary Modifiers When not combined with FLEXA, Windstorm CURE Report with sets of the above deliverables as appropriate
Flood	Adequate[5] Risk Information obtained from reliable third-party sources, online information and local resources	Global Risk Engineering Technical Standards published in TZWiRE Identify (as a minimum) existence of public flood defences (no evaluation or reliability or effectiveness)	Additions to CURE Report when combined with FLEXA : • Overall Opinion of Flood Risk • Loss History • If information is available, provide loss scenarios and loss estimates (EML and/or PML). As appropriate and when feasible, also: • Verified geocode of critical building • Primary Characteristics[6] (critical building Construction Class Tier 2) • If possible, Flood Secondary Modifiers When not combined with FLEXA, Flood CURE Report with sets of the above deliverables as appropriate

Risk Engineering On-site	Minimum Input	Method	Minimum Deliverable
FLEXA	Adequate[5] Risk Information developed via an on-site assessment	Global Risk Engineering Technical Standards published in TZWiRE	CURE (Condensed UW RE) Report. Mandatory content: • Overall Opinion of Risk • Risk Grading Score for Fire • BI Risk Grading Score for BI Service Levels 2 and 3[7] • Upon UW request also Theft Risk Grading score • Property Damage and Business Interruption Loss Estimates; for BI Service Level 3 interdependencies are to be considered • Natural Hazards and Additional Perils Assessment (based on local hazard maps) • RIA and follow up on existing RIA • Verified geocodes of critical building, Property Pricing Code and BI sum insured • Primary Characteristics[6] (Construction Class at least Tier 1) • Building Combustibility classification • When HG BI is 4 or 5[7], add details on role of location within the account in the Business Description • Loss History
Earthquake	Adequate[5] Risk Information developed via an on-site assessment	Global Risk Engineering Technical Standards published in TZWiRE	Additions to CURE Report when combined with FLEXA: • Overall Opinion of Earthquake Risk • Primary Characteristics[6] (critical building Construction Class Tier 3) • Loss History As appropriate and when feasible, also: • Earthquake Secondary Modifiers • Earthquake loss estimate (incl.BI) • Earthquake-related RIA • Non-structural vulnerabilities (piping, equipment, unreinforced masonry) • Structural vulnerabilities • Extent and year of seismic retrofit (structural and non-structural) • Qualification of site resilience measures, e.g. seismic gas shut-off valves, emergency response When not combined with FLEXA, Earthquake CURE Report with sets of the above deliverables as appropriate
Windstorm	Adequate[5] Risk Information	Global Risk Engineering Technical Standards published in TZWiRE	Additions to CURE Report when combined with FLEXA:

	developed via an on-site assessment		• Overall Opinion of Wind Risk Loss history • Primary characteristics[6] (critical building Construction Class Tier 3) As appropriate and when feasible, also: • Wind Secondary Modifiers • Wind loss estimate (incl. BI) • Wind-related RIA • Extent and year of structural retrofit (roofing systems, drainage systems, facade) • Roofing construction type and condition • Damage potential from roof-mounted equipment, roof drainage systems, wind-borne debris (onsite and offsite) • Qualification of site resilience measures, e.g. emergency response plan When not combined with FLEXA, Windstorm CURE Report with sets of the above deliverables as appropriate
Flood	Adequate[5] Risk Information developed via an on-site assessment	Global Risk Engineering Technical Standards published in TZWiRE	Additions to CURE Report when combined with FLEXA: • Overall Opinion of Flood Risk • Flood hazard according to local maps • Verified geocode of critical building • Primary characteristics[6] (critical building Construction Class Tier 3) • Loss history As appropriate and when feasible, also: • Flood Secondary Modifiers • Flood loss estimates (incl. BI) • Flood-related RIA • Qualification of site and public flood defences • Qualification of site resilience measures, e.g. emergency response plan When not combined with FLEXA, Flood CURE Report with sets of the above deliverables as appropriate

1 For Mid market CMM Risk Assessment tool and CMM matrix apply

2 Acceptable Occupancy schemes for Earthquake, Wind and Flood are SIC, NAICS, ATC and RMS IND. (ISO Fire classification is only adequate for Basic type of assessment)

3 Fire Following Earthquake (Secondary Peril)

4 Earthquake Sprinkler Leakage (EQSL)

5 Adequate = Sufficient, Reliable, Current risk information that allows for determination of Risk Grading or Overall Opinion of Natural Hazard Risks

6 For more information regarding Primary Characteristics refer to Zurich Risk Engineering “Technical Standard, Natural Hazards and Additional Perils – Primary Characteristics”

7 The BI Service Levels and BI Hazard Grades are defined in RE’s “Service Guideline – Segmented BI Risk Assessment”.

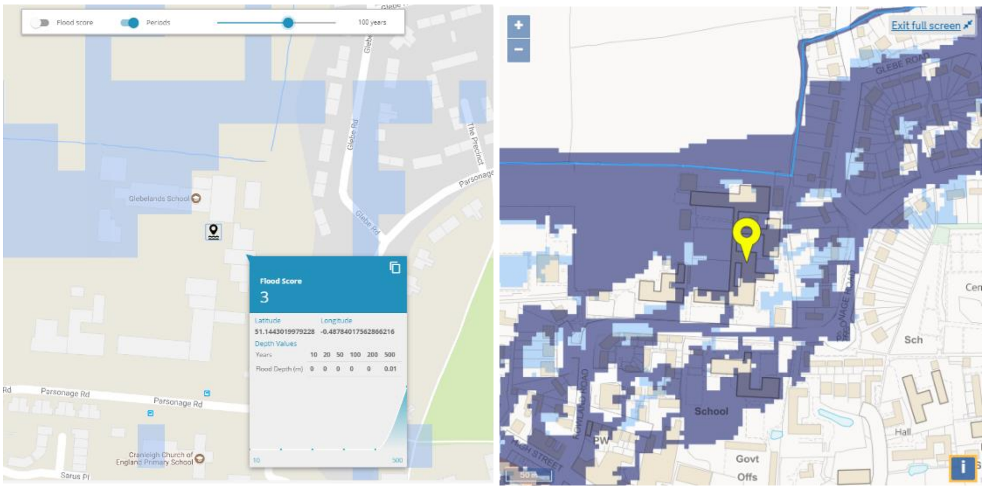
Local Hazard Map:

Please see below a link to a SharePoint database, containing a collection of national and regional natural hazard resources, covering not only primary perils (flood, wind and earthquake), but also lightning, landslide, volcano, etc. in those regions and countries.

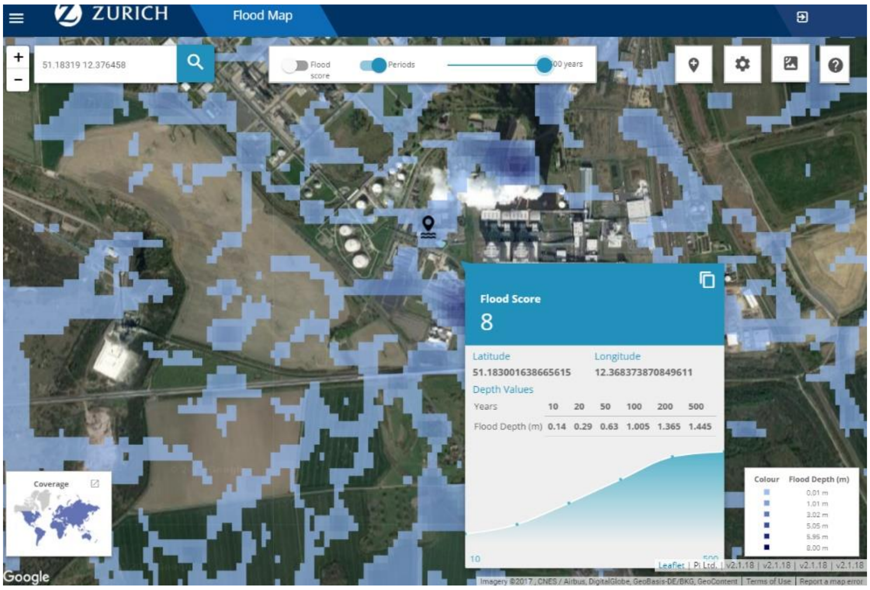
https://collaboration.zurich.com/community/01269/SitePages/Home.aspx

Following examples, shows discrepancies between global hazard maps and local ones.

According to CatRisk (left) the site is located out of flood zone (CatRisk Score 1) while according to FEMA flood map (right) the site is in 100 year flood zone. Water depth is in a range of 3.0 ft.



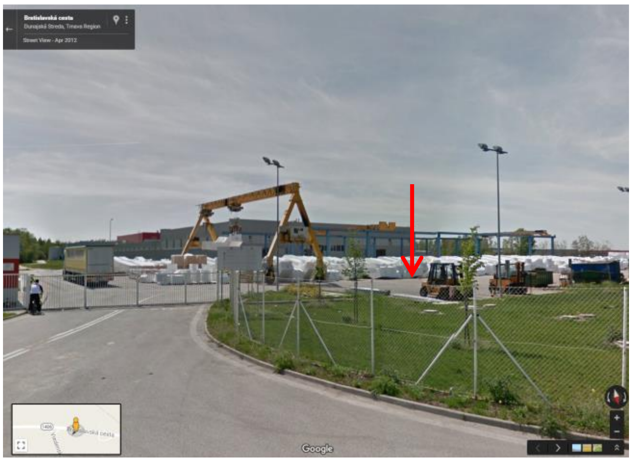
According to UK flood national map (right) the site is located in the Zone 3 (within 100 year flood), CatRisk flood Score is 3 (left).



According to local hazard map (top) the site is located outside flood zone (above 200 year), but CatRisk flood Score is 8 with 1.0 m flood depth in 100 year event (bottom).

Use cases of Open Source Maps:

Open sources maps, e.g. Google map and Google Street View, can be used to obtain some of the Primaries and secondary modifiers (only Intermediate Underwriter or Intermediate Risk Engineering levels). Following example shows some use cases.



Note large storage of the products (appears to be finished product) in the yard (Flood Secondary Modifier)

The building is 4-story and built in reinforced concrete with shear walls (Construction Class). Note plan irregularities (EQ Secondary Modifier)

The building is 5-story (Primary), with basement as indicated by arrow (Flood Secondary Modifier)

Appendix 4 – OARQR

This Appendix applies to SECTION B - Case

Overall Account Risk Quality Rating (OARQR): The OARQR is calculated as a weighted average of all the assessed location Risk Grading Scores, including the ones below USD 2.5m TIV if risk grading score is present.

The evaluation of the Overall Risk Quality Rating should be performed jointly by Underwriting and Risk Engineering. The "Governing Risk Grading Score" for a location is determined as the Risk Grading score for the most relevant peril, taking into consideration such elements as specific risk features, operational conditions, Total Sums Insured, EML, natural perils, Hazard Grade, etc. for the individual location

Calculation of the "Overall Risk Quality Rating"

The concept of the governing peril is only to be applied to perils potentially triggering a Property damage, for example Fire, Machinery Breakdown, Earthquake, Flood and Wind. Business Interruption is to be treated separately.

Calculation Process:

Step 1	Determine the Governing Peril for Property Damage
Step 2	Determine the Risk Grading Score for Property Damage and BI related to the governing peril The Risk Grading Score for the governing peril becomes the Governing Risk Grading Score for Property Damage.
Step 3	Calculate the Weighted Combined Risk Grading Score per Location The Weighted Combined Risk Grading Score is a weighted average of the Governing Risk Grading Score for Property Damage (PD) as determined in Step 2 and the Risk Grading Score for Business Interruption (BI). The appropriate weights of the PD and BI Scores are based on HG BI NAICS and loss history of the BI NAICS (please see Global CI Property ETR – HG table) Weight BI HG 1=15% Weight BI HG 2=25% Weight BI HG 3=35% Weight BI HG 4=45% Weight BI HG 5=65% For BI Service Level Basic and 1 the respective weights of the BI Risk Grading are equal to 0%.
Step 4	Calculate the Overall Account Risk Quality Rating (OARQR) The OARQR is calculated as an average (weighted to Total Sum Insured) of all the assessed location Risk Grading Scores (for property RGPD and business interruption RGBI including the % weights of the RG based on the Hazard Grades: $W_{PDHG} = 1 - W_{BIHG}$): $$\mathrm{OARQR} = \frac{1}{\mathrm{TIV}} \sum_{\mathrm{TIV}} \mathrm{RGPD} * (1 - W_{BIHG}) + \mathrm{RGBI} * W_{BIHG}$$ including the ones below USD 2.5m TIV if risk grading score is present.

Appendix 5 – Treaty exclusions

This Appendix applies to SECTION A and B – Non-Case and Case

<table>
<tr>
<td>Treaty
Assumed

Treaty Reinsurance</td>
<td>All treaty reinsurance assumed from non-affiliated entities, however not to exclude

a) Acceptances, inter-company pooling, and the run off thereof, on behalf of the Reinsured from its subsidiary, associated or affiliated companies to the extent that such business does not contain assumed treaty reinsurances from non-affiliated companies;

and/or

b) Business fronted for regulatory or other purposes when underwritten by the Reinsured and only for Zurich International Program Business

and/or

c) Reinsurance of captive business written on a direct basis when underwritten by the Reinsured.

Requirements in the Property and Casualty Risk Policy Manual (MR2a) and ZRP Chapter 4 must be followed

d) Cessions or single Risks accepted individually.</td>
<td>Treaty Reinsurance</td>
<td>Power reserved to Global Underwriting UW</td>
</tr>
<tr>
<td>Treaty
Third party Liability</td>
<td>Third party liability except for:

a) Legal Liability for loss or damage caused by an insured peril (such as Tenants and Neighbors Liability, Warehousemen’s Legal Liability, Fire Legal Liability, Garage Keepers’ Legal Liability and similar coverage).

b) Property under Care, Custody and/or Control of an insured.

c) Business classified by the Construction business units of ZAIC as Civil Works or Third Party Liability under Policies covering construction Risks outside of the United States of America and its territories and possessions as well as business classified by Zurich Canada as construction business.

d) Upstream, when third party liability is written in conjunction with other perils reinsured by Energy Offshore Treaty whether under the same policy or a separate policy covering the same Risk (eg. Package liability coverage as part of Upstream Package policies)</td>
<td>Treaty Reinsurance</td>
<td>Power reserved to Global Underwriting UW</td>
</tr>
</table>

Treaty **Credit**	Credit, financial guarantee and insolvency insurance	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Fidelity and Surety**	Fidelity and Surety.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Bonds, Dishonesty, Disappearance and Destruction**	Bankers Blanket Bonds (BBB), Dishonesty, Disappearance and Destruction (DDD) or similar covers	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Seepage, Pollution, Contamination liability, Debris Removal associated to it**	Restriction applicable when coverage is not based on an Insured Peril This restriction refers to insured property as well as soil and water on own or leased land However, this restriction does not apply to any risk located in a jurisdiction which has not approved such clause or where other regulatory restraints prohibit Zurich from implementing such clause, nor does this exclusion apply in the event such clause is adjudged to be unenforceable by a court of law.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **North America exclusions**	The following are all exclusion for risks written in North America a) Flood and Earthquake, except when written in conjunction with other perils (e.g. Flexa), whether under the same Policy or a separate Policy covering the same risk. b) Business written through, or as a member of, any Pools, Associations or Syndicates. c) Business written through Commercial Insurance and classified by the Policy Issuing Company as Ocean Marine except for floating casinos written by property underwriters whether written on a property form or marine form. d) Any track, roadbed, trestles or rolling stock for Class 1 railroads as Original Insureds.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty Canada exclusion	Growing crops in the open written in Canada. This exclusion does not apply to growing, standing or drying crops and timber when part of a non-crop specific all risk policy.	Treaty Reinsurance	Power reserved to Global Underwriting UW

Treaty **Overhead Transmission and Distribution lines**	Overhead T&D Lines is a Power reserved to Global Underwriting UW however: a) T&D line coverage outside of our Insured location up to a maximum distance of 5,000 feet / 1,500 meters is not included within this power reserved b) Public utilities extensions and/or suppliers' extensions and/or contingent business interruption coverage are not subject to this power reserved, providing that these are not part of a transmitters' or distributors' policy	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Underground mining**	Underground Mining if not underwritten by Energy Onshore except risks with a sublimit for underground mining of EUR 50'000'000 / USD 50'000'000 / GBP 35'000'000 / CHF 80'000'000.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Offshore Risks**	Offshore Risk written in line with the Upstream E&P section of this guideline are not restricted and are subject to individual underwriting authority.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty Netherlands	Netherlands: Losses as a consequence of the breaking and /or overflowing of dykes, floodgates or dams, except fire and /or explosion following thereof.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Channel Tunnel (also known as Eurotunnel)**	Liability assumed by the Reinsured in respect of the Channel Tunnel (also known as Eurotunnel).	Treaty Reinsurance	Power reserved to Global Underwriting UW

Treaty **War and Civil War**	Loss or damage directly or indirectly occasioned by, happening through or in consequence of war and civil war War and civil war shall mean loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, martial law, confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any Government or public or local authority. However this Contract will, within the territory the Federal Republic of Germany, United Kingdom, Republic of Ireland and Austria and subject to no on-going war, civil war or warlike event, pay for losses or damages which are a consequence from the explosion of old ammunition from prior wars, provided the explosion occurred within a radius of 1'000 meters from the premises suffering such loss or damage. However, losses or damages caused by nuclear devices and radioactive contamination or contamination losses following the release of chemical or biological substances are excluded.	Treaty Reinsurance	Power reserved to Global Underwriting UW

Treaty **Nuclear Risk**	Nuclear Energy risks Nuclear Energy Risks Exclusion Clause (Reinsurance) (1994) (Worldwide excluding U.S.A. and Canada) N.M.A. 1975(a) German and Japanese Amendment: Nevertheless, it is understood and agreed that in respect of German and Japanese business certain liabilities the type of which by market practice and custom have not been declared to the German and Japanese Nuclear Pools shall not fall within the scope of the above Nuclear Exclusion Clause. Nuclear Incident Exclusion Clause – Liability Reinsurance-U.S.A. NMA 1590 Nuclear Incident Exclusion Clause – Physical Damage Reinsurance U.S.A NMA 1119 Nuclear Incident Exclusion Clause – Physical Damage and Liability (Boiler and Machinery Policies) – Reinsurance – U.S.A. NMA 1166 Nuclear Incident Exclusion Clause – Liability Reinsurance – Canada NMA 1979a Nuclear Incident Exclusion Clause – Physical Damage Reinsurance Clause – Canada NMA 1980a Nuclear Incident Exclusion Clause – Physical Damage and Liability (Boiler and Machinery Policies) – Reinsurance – Canada NMA 1251	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Radioactive Contamination**	Exclude Radioactive Contamination	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Spain Consorcio**	Exclude Losses indemnified by the “Consorcio de Compensación de Seguros” or any event declared by the Spanish Government as a “Calamidad Nacional”	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Insolvency Fund**	Liability of Zurich arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any Insolvency Fund.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Construction business**	As respects business written by the Construction business, all liabilities to the Reinsured arising from: a. Penalties and/or Liquidated Damages. b. Guarantee of Performance. c. Cost Overruns d. Pollution or Contamination, unless arising from a sudden, accidental, identifiable and unexpected event otherwise not excluded. e. Space and Space-related Risks.	Treaty Reinsurance	Power reserved to Global Underwriting UW
Treaty **Infectious Disease (Communicable Disease)**	Infectious Disease (Communicable Disease)	Treaty Reinsurance	Power reserved to Global Underwriting UW

Treaty **Data and Software** **(Information technology hazard classification)**	Physical damage to the substance of property shall not include damage to data or software. The followings are absolute restrictions: A. Loss or damage to data or software, in particular any detrimental change in data, software or computer programs that is caused by a deletion, a corruption or a deformation of the original structure, and any business interruption losses resulting from such loss or damage. Notwithstanding this exclusion, loss of or damage to data or software which is the direct consequence of insured physical damage to the substance of property shall be covered. B. Loss or damage resulting from impairment in the function, availability, range of use or accessibility of data, software or computer programs, and any business interruption losses resulting from such loss or damage. Loss of or damage to the substance of property and any resulting business interruption losses caused by an impairment in the function, availability, range of use or accessibility of data, software or computer programs which is a direct consequence of insured physical damage are not part of this restriction.	Treaty Reinsurance	Power reserved to Global Underwriting UW

10. About this Document

Status:	Final
Effective date	2 August 2022
Approver	Group CUO
Document owner:	Pietro Toscano
Grace Period End Date	31 October 2022
Previous Version	https://zurichinsurance.sharepoint.com/sites/globuz20app/_vti_history/16896/Documents/Global%20CI%20Property%20UW%20Guideline.pdf

Summary of changes	Version	Date finalized (dd.mm.yyyy)	Author	Comment
	1.0	01.02.2018	Pietro Toscano	
	1.2	01.04.2018	Pietro Toscano	
	1.3	01.02.2019	Pietro Toscano	
	1.5	01.05.2020	Pietro Toscano	
	1.6	01.11.2020	Pietro Toscano	**5.4.3 – CBI – Capacity Deployment:** AI-Early Warning replaced to Risk Methods, throughout the document **Appendix 1 – Authority, Limits and Mandatory Restriction:** Restricted Covers & Exposure: For Caution, added standard appetite capacity and provided SMEs empowerment to deviate => How To has been amended accordingly. **Appendix 2.3 – Capacity Deployment CBI:** Clarified that for any capacity in excess of the limits as per table requires approval from an SME.
	1.7	01.07.2021	Pietro Toscano	**4.3.3. Auto Fac** – New restrictions on automatic access, portfolio management to be in place, more net for Countries as placed only at 80.75% **Appendix 2** – Treaty changes: amended retention on US Large Property, CHF and GBP Rate of exchanges changed, Excess treaty layer globally available added, amended excess fac layer for ZNA
	1.8	01.08.2021	Pietro Toscano	**2.1.1.1 – TEML Bust protection –** Added reference of automatic access of USD 100m xs USD 400m for TEML bust protection **Appendix 1** – Added reference to Claims Preparation Costs and Professional Fees and SRCC How To Document
	1.9	01.07.2022	Pietro Toscano	**Section A –** Non Case, addition of Power Reserved Added a limit on EQ California for CRI 7-10
	2.0	02.08.2022	Pietro Toscano	