

HIMALAYAN REINSURANCE LIMITED
1st FLOOR, LALITA BHAWAN, MAHARAJGANJ,
KATHMANDU, NEPAL

CLAIM PROCEDURAL GUIDE

Objective

Primary objective of Company claim policy is to provide timely financial relief to Cedant Company and insured, thus contributing to liquidity and cash flow for the cedant and the insured. Himalayan Reinsurance will be striving to achieve this objective by speeding up processes for expeditious settlement of claims in time bound manner.

Claim Procedure

When Preliminary Loss Advice (PLA) is received from ceding Insurer/Broker, PLA is verified with Contract underwritten. The PLA is entered in the system against specific Contract acceptance and allotted a claim number. Ceding Company/broker is advised of the same for future correspondence.

In case of PLA reported under facultative acceptances, where HRL has a share or major claims reported under any treaty contract, the Company will consult the Cedant and arrange for joint survey of the loss.

When Settled Loss advice (SLA) is received from the Cedant/Broker, it is verified and ensured that all required documents have been received. If not, suitable communication is sent to ceding company/broker.

After all the requisite documents are received, SLA is processed for payment. If claim is found to be justified and within the terms of the Contract, it is placed for approval. After approval, SLA is booked in system and send to account department for release of payment.

When a Cash Call is received from the Cedant/Broker, it is verified with contract acceptance and ensured that all documents required for cash loss settlement have been received. If Cash Call is justified and found within the terms of Contract, it is entered in the system and process for approval. After approval, cash call is sent to account department for release of payment.

Procedure of Inward Reinsurance Claim under various types of reinsurance arrangements are broadly discussed under following broad heads:

Documents required for processing of claims (Facultative Claims, Cash Calls/non prop claims).

1. Facultative Claims.
2. Proportional Treaty Claims, and
3. Non-Proportional Treaty Claims.

1. Documents are required for processing of Claims (Facultative Claims, Cash Calls/non prop claims)

Sr no	Particulars
	Underwriting documents:
1	Closing Particulars
2	Debit Note.
3	Confirmation of payment of Premium from the Cedant /Broker. In case of treaty, details of last SOA settlement to be provided.
4	Copy of insurance Policy issued by Cedant Company.
5.	In case of marine declaration policy, copy of declaration on which claim is reported.
	Claim Supporting Documents
1	Claim intimation from the original insured.
2	Loss Settlement Advice/Debit Note, (SLA), CRA (Claim Recovery Advice) In case of non-prop arrangements).
3	Surveyor's/Loss Adjuster's Report / inhouse survey report specifying:
	Ø Indication of the cause of loss
	Ø Establishment of liability
	Ø Assessment of loss
	Ø Compliance of policy terms, condition, and warranties
	Ø Amount payable after deduction of underinsurance, salvage and Policy Excess.
4	The Invoice/Bills if the claim is not settled through Surveyor's Report.
5	In case, settled amount differs from those assessed by final surveyor, working sheet for the same.
6	Discharge Voucher and/or Proof of claim settled to the insured.
7	Surveyor's Fee Invoice and proof of Survey fee settled/paid.
8	Leader's agreement/settlement advice if applicable.
	Additional documents
1	Police Report, if applicable.
2	Weather Report, if applicable.
3	Fire Brigade Report, in case of loss is caused by fire.
4	Testing report if claims relate to quality loss.
5.	Any other document required depending on nature of Facultative claim/cash call.

2. Facultative Claim

On receipt of a claim intimation/settlement advice under facultative acceptances, claim department shall confirm on the following:

General Check List

- i. Risk loss has occurred during the policy period.
- ii. Cause of loss falls within policy coverage.
- iii. Surveyor's comments about the cause, policy liability etc
- iv. The location and proximate cause of loss is covered and is not excluded in the RI slip.
- v. All the particulars such as sum insured, signed line, deductibles, etc., are in accordance with the slip.
- vi. Himalayan Re's share of claim figure is calculated on the share of acceptance.
- vii. A/C settlement position to enable decide either adjustment or remittance of Himalayan Re's share of the claim.

Procedure for Facultative Claim Settlement

- a) To Confirm whether the Preliminary Loss Advice and OSLR has been provided by the Cedant/Broker.
- b) Verify whether the gross loss settled matches with the assessed loss recommended by the surveyor and ensure that the gross loss is within the original sum insured. Further clarifications on the survey report will be asked, if required.
- c) Whether the Company's share of loss is as per the signed line.
- d) In case of on-account payment/advance payment, whether the balance of reserve after making the on-account payment has been advised by the Cedant/Broker.
- e) Confirm receipt of the premium within Premium Payment Warranty (PPW) period. If there is violation of PPW then it can be condoned only by the Competent Authority.
- f) If the survey fees/legal fees/any other expenses form part of the settlement, the settlement of such fees is agreed only if the settlement of claim is accompanied and not in isolation, unless the claim is closed as NIL claim.
- g) Claim Approval Note Sheet is generated/prepared, and the claim is recommended for approval, and approved by the Competent Authority.
- h) The approved cash call is forwarded to the Finance Department for settlement.
- i)

3. Proportional Treaty Claim

The proportional treaty claims are usually adjusted through quarterly statement of accounts. However, the Claim Division shall review, evaluate, and settle those claims which exceed cash call limit specified in the Treaty.

On receipt of a cash loss advice under proportional treaty, the Claim Department shall confirm on the following:

General Checklist

- i. The Preliminary Loss Advice has been received earlier.
- ii. The treaty's share of incurred claim is exceeding the Cash Loss Limit.
- iii. The date of loss is within the treaty period for underwriting year basis. In case of on accounting year basis, confirm for portfolio transfer has been done for the current treaty.
- iv. All the particulars such as signed line, territorial scope, retention, cession to treaty and currency are as per the slip.
- v. If Event Limit is applicable, then check whether the claim is within the same, in case of CAT/Event Claims.
- vi. Himalayan Re share of claim is calculated correctly as per the slip.
- vii. Treaty Leader's agreement for cash loss settlement.

Procedure for Proportional Treaty Claim Settlement

- a) Confirm whether the Preliminary Loss Advice and OSLR has been provided by the Cedant/Broker.
- j) Verify whether the gross loss settled matches with the assessed loss recommended by the surveyor and ensure that the gross loss is within the original sum insured. Further clarifications on the survey report will be asked, if required.
- b) Whether the treaty's share of loss is in proportionate to the Sum Insured ceded to the treaty/underwriting break-up done by the Cedant and confirm that the company's share of claim is correct.
- c) Ensure that the cause of loss and coverage does not fall under the exclusions of the treaty.
- d) If the treaty is on accounting year/clean-cut basis, then confirm whether portfolio entry has been received.
- e) In case of on-account payment/advance payment, whether the balance of reserve after making the on-account payment has been advised by the Cedant/Broker.
- f) Confirm the status of settlement of accounts for the preceding quarters.

- g) Claim Approval Note Sheet is generated/prepared, and the claim is recommended for approval, and approved by the Competent Authority.
- h) The approved cash call is forwarded to the Finance Department for settlement.
- i) After payment of a cash loss request, it has to be followed up for cash loss credit by the ceding company later.

4. Non-Proportional Treaty Claim

Under the Non-Proportional Treaty arrangements, the claim shall arise either from the Risk Loss or CAT/Event Loss depending on the treaty type. The claims are normally settled as a Claim Recovery Advice (CRA). In case if the ultimate net loss of the ceding company (excluding survey fee and expenses) exceeds the underlying limit/deductible specified under the treaty, then such loss shall be payable.

On receipt of a cash loss advice under non-proportional treaty, the Claim Department shall confirm on the following:

General Checklist

- i. The Preliminary Loss Advice has been received earlier.
- ii. The treaty's share of incurred claim (ultimate net loss or from-ground-up [FGU] loss) is exceeding the underlying limit/deductible as per the non-proportional treaty slip.
- iii. The date of loss is within the treaty period.
- iv. All the particulars such as signed line, territorial scope, retention, cession to treaty and currency are as per the slip.
- v. The Company's share of claim has been calculated correctly as per the slip.
- vi. The recovery advice consists of detailed working of the FGU loss (excluding survey fee) and recovery under the treaty.
 - i. Leader's agreement/settlement.

Procedure for Non-Proportional Claim Settlement

- i. Whether the Preliminary Loss Advice and OSLR has been provided by the Cedant/Broker.
- ii. Whether the gross loss settled matches with the assessed loss recommended by the surveyor and the gross loss is within the original sum insured.
- iii. Check whether the treaty's share of loss (ultimate net loss or from-ground-up [FGU] loss) is exceeding the underlying limit/deductible.
- iv. Ensure that the treaty's share of loss is within the layer wise cover limit.
- v. Ensure that the cause of loss and coverage does not fall under the exclusions of the treaty.

- vi. Confirm whether the instalments of minimum & deposit premium have been received.
- vii. In case of on-account payment/advance payment, whether the balance of reserve after making the on-account payment has been advised by the Cedant/Broker.
- viii. Confirm whether there have been earlier recoveries from other losses under the same treaty. If so, check whether the number of reinstatements has been fully utilized or not.
- ix. In case the XL premium has been adjusted for the treaty then confirm whether the reinstatement premium has been calculated on the adjusted premium.
- x. Claim Approval Note Sheet is generated/prepared, and the claim is recommended for approval, and approved by the Competent Authority.
- xi. The approved cash call is forwarded to the Finance Department for settlement.
- xii. Any claim on facultative or treaty acceptances has to be followed up for credit for recoveries due to salvage disposal, recovery from third parties or refund of claims due to tracing the stolen items (in case of Burglary, Motor Theft loss, FG Claims etc.). This is more important in Excess of Loss claim settlements made by HRL against which the cedants / reassured would have recovered some portion of the original claim from third parties or by disposal of salvage etc. Such recoveries will accrue to the benefit of Excess of Loss reinsurers first.

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