



# **CERTAINSURE UNDERWRITING MANAGERS**

## **CLAIMS PHILOSOPHY AND POLICY**

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## 1. INTERPRETATIONS

For the purpose of this document the following words shall have the following meaning in terms of the document.

**CERTAINSURE UNDERWRITING MANAGERS (PTY) LTD:**

Herein after referred to as CERTAINSURE appointed as binder holder in terms of Binding Agreements with certain Short Term Insurance Companies.

**INSURANCE COMPANY COMPANIES:**

Shall mean Short Term Insurance Companies duly registered in terms of the laws of the Republic of South Africa.

**BINDING AGREEMENT:**

Shall mean the agreement as defined in regulation 6.1 of the regulations pertaining to the Short-Term Insurance Act, 1998 (Act No. 53 of 1998) as amended or replaced from time to time;

**SERVICE LEVEL AGREEMENTS:**

Agreements between Insurance Companies, CERTAINSURE and Service providers in order to govern the functions and purpose of each party to ensure an efficient working relationship.

**CLAIMS MANDATE OF CERTAINSURE**

CERTAINSURE has a claims mandate with Insurance Companies stipulated in the Binding Agreements.

Claims equal or greater than the mandate of CERTAINSURE are to be referred to the Insurer for instructions. However, CERTAINSURE will still determine the quantum and or facilitate the procurement of the claim depending on the applicable Binding Agreements.

## 2. REPUDIATIONS

CERTAINSURE may not repudiate a claim. No assessor and or external service provider may reject a claim.

Should CERTAINSURE, the Assessor or Loss Adjuster propose a repudiation or rejection of a claim based on facts or evidence, and recommendation the claim must be sent to the Insurance Company for a decision.

Claims where cover in terms of the policy is unconfirmed and the rejection of the claims is realistic possibility; the insured must immediately be advised that he/she must act as if uninsured and contain his/her loss.

The Insurance Company should stipulate the exception or condition on which liability is rejected, as well as the factual basis of rejecting the claim.

Rejection letters should be duly signed by the Insurance Company.

All claims repudiated must be sent in writing to the broker. The broker must ensure that the repudiation is duly submitted to the insured.

## 3. EX-GRATIA CLAIMS

*Ex-Gratia* payments are made where all parties concerned agree that the Insurer is not contractually liable to indemnify the insured, but payment will be made out of "goodwill".

CERTAINSURE do not have the mandate to authorize *Ex-Gratia* payments and therefore all *Ex-gratia* payments should be referred to the Insurance Company.

## 4. PAYMENTS BASED ON BUSINESS DECISIONS

In matters where it is doubtful whether or not the Insurance Company is contractually liable to pay the claim and where the insured is given the benefit of the doubt in order to maintain good business relations. Such matters must therefore be referred to the Insurance Company.

## 5. COMPLEX AND SPECIALIST LIABILITY CLAIMS

Depending on the Binding Agreement and or the Claims Philosophy of the Insurance Company all Complex claims and Specialist Liability claims have to be referred to the Insurance Company after registration.

## 6. LIABILITY CLAIMS AND SUMMONSES

Liability claims and any Summonses must be emailed and immediately followed-up by a telephone call. Written confirmation of receipt from the Insurance Company must be requested and filed on the same day.

All liability claims and summonses are handled by the Insurance Company in line with Service Level Agreements. Alternatively, in accordance with instructions from the Insurance Company.

All Liability claims *have* to be registered on the systems of CERTAINSURE and referred to the Insurer approval.

## 7. ESTIMATES

An approximate calculation of the probable total value of the claim. Approximate calculations should be done at registration of the claim. The estimate should be based on all the available information at any time and updated as soon as more consistent and accurate information becomes available.

Estimates will at all times *have* to reflect known claim variables and include *inter alia* the following factors:

Expenditures:

Assessors and Loss Adjusters cost should be included in estimated under expenses.

Insurance cover:

No estimate may exceed the sum insured.

Estimate on *available* known quantum less first amount payable.

Material damages claims where the quantum is unknown during registration of the claim an amount equal to the *average* segmentation of the claims occurrence ratio must be selected as an estimate.

Third Party claims:

To be taken into account when notified of a possible third party claim. The estimate should be R1 until receipt of more accurate and known quantum from the legal department.

Recoveries and *salvages*:

The estimate of a possible *recovery* claim will only be amended after receipt of proof of payment of a successful *recovery* and *salvage* payments.

Repudiations:

After receipt of confirmation of Repudiation of the claim from the Insurance Company the loss estimate must be amended to RO and the claim must be finalized on the operating systems. Unless the Company confirm a realistic possibility that the repudiation will be *overturned* then the estimate should reflect the probable total cost of the claim.

## **8. ACCOUNTABILITY OF CLAIMS**

The claims handler allocated to a claim is accountable for the claim from receipt to finalization thereof and must attend to the claim thoroughly and expeditiously.

Claims can only be authorized and recommended for payment within the mandate of the allocated claims handler.

## **9. CLAIM VERIFICATION**

Verification and Validation are independent procedures that are used together for analysis that an Insured is entitled to an indemnity in terms of the applicable Short Term Policy product.

Ensure that the standard claim documents and minimum procedures as laid down in the FSP systems of CERTAINSURE are complied with.

## **10. NEGLIGENCE**

Should liability on a claim where the insured did not act like the reasonable person under the circumstances, recklessness has to be proven. The purpose of insurance is to cover the insured for negligent conduct. Cover afforded by insurance policies covering loss or damage caused by negligence of the insured.

Negligence alone is not enough; the insured had to be at least reckless. That is, there had to be an actual recognition by the insured himself that a danger existed and must have proceeded regardless of whether or not the danger or harm was averted.

The purpose of such investigation is to ensure that the insured would not, because he was covered against loss by the policy, refrain from taking precautions which he knew ought to be taken.

This issue should be referred to the Insurance Company with all the substantiated information.

## **11. DISCRETIONARY POWERS OF CLAIMS STAFF**

Claims must be handled strictly in accordance with policy stipulations, insurance principles and legislation. Claims staff has no discretionary powers to handle claims. If in doubt, the claim should be referred to Management.

## **12. ADVICE**

Matters that require advice, whether it relates to insurance principles, interpretation of policy wording, claims or claims-related matters, must be directed to the Insurance Company and should contain all relevant facts and documents pertaining to the matter.

### **13. UNDER INSURANCE AND THE PRINCIPLE OF AVERAGE**

The principle of average must always be applied, unless the contrary is indicated on the policy by way of endorsement or on contents and buildings sections of the policy where an insured is within the 10% margin of under insurance.

The principle of average should be handled in line with the Insurance Companies agreements and or philosophies.

### **14. MAINTENANCE**

Policies are intended to provide indemnity for loss or damage arising out of unexpected sudden events and contain general exclusions relating to loss or damage arising out of lack of maintenance.

Insurance policies exclude liability for losses where buildings or structures have not been built in accordance with regulated building standards, any other specifications, bylaws or regulations.

All related matters should be referred to the Insurance Company for instructions.

### **15. CATASTROPHIC EVENTS**

Record should be kept of catastrophic events in the format and on the basis required by the Insurance Company.

### **16. FRAUD**

Fraud is the unlawful and intentional making of misrepresentation which causes actual prejudice, or has the potential to cause prejudice to another person.

Any fraudulent activity, theft, misconduct, Economic Crime, Corruption and or dishonesty should be reported to the Forensic Services of the applicable Insurance Companies as soon as possible through the available channels.

### **17. CLAIMS IN RESPECT OF STAFF MEMBERS**

Any claims of CERTAINSURE staff members must be referred to the Insurance Company for registration, handling and or approval.

## **18. DISCLOSURE OF CLAIMS INFORMATION**

No claims information and documents such as: telephone recordings, legal opinions, inter-office correspondence, replacement invoices etc. may be disclosed to brokers, third parties or clients without the consent of the Insurance Company.

## **19. RECORD KEEPING OF CLAIMS**

Proper record of all claims and actions should be performed on every claim by way of comprehensive notes which should be made on current operating systems.

## **20. EXTERNAL SERVICE PROVIDERS**

Towing and storage contractors, motor body repairers, salvage contractors, assessors, adjusters, attorneys, tracing agents, procurement agent and recovery agents. Only approved external service providers of the Company may be appointed.

## **21. ARCHIVING OF FINALISED CLAIMS**

All claims documentations with images must be uploaded onto the operating systems of CERTAINSURE during the course of attending to a claim.

Claims documents are destroyed after five years from date of finalization.

All uploaded documents can be viewed and retrieved on the operating system.

## **22. FAST TRACK**

All motor and non-motor claims under R 5 000.00 will be processed without any investigation or appointments of experts. However, the claim still go through the verification and validation channel. The average turnaround time for a fast track claim from registration to authorization is 2 hours.



### **23. CLAIM TURNAROUND TIMES**

All Claims will be registered verified and validated within 3 hours upon receipt of a claim.

Depending on the complexity of the claim Assessors have a turnaround time of 48 hours on all motor vehicle claims. Alternatively, within the turnaround time of the Service Level Agreement signed with specific External Service Providers.

The average turnaround time for conventional claims, from registration to authorization, are 72 hours.

### **24. ASSESSOR APPOINTMENTS**

Only approved external service providers of the Company may be appointed. After registration of a claim an Assessor and or a Loss Adjuster with the appropriate skill required given the complexity of the claim must be appointed on claims.

Assessors may only be instructed to assess and advise.

Assessors report must be perused and reviewed in line with the Merits and Quantum of the claim.

The use of second-hand parts in the repair of motor vehicles will be permitted where it is cost effective and safety is not compromised.

CERTAINSURE approve claims within the Mandate and give authorization and or approval within the guidelines of the Assessment Report.

The Claims Assessor or Claims Assessor's support must ensure that they take all necessary steps to ascertain whether a financial institution has interest noted on a policy.

### **25. STOLEN MOTOR VEHICLES**

All "theft and stolen" vehicles should comply with the stipulations and terms of any Service Level Agreements signed with the Insurance Company.

All vehicles must be deregistered in terms of the correct code.

Stolen vehicles recovered prior to settlement and are undamaged or considered repairable, shall be repaired and returned to the insured.

Stolen vehicles that are recovered prior to the settlement of a motor theft claim, but that are written off due to their repair being uneconomical, must be handed over to the Salvage Management Company.

After finalization of any stolen vehicle claim, the following would have been obtained:

- Original Deregistration
- Agreement of Loss
- Keys
- Client contact numbers
- SAPS Case Number

The above must be placed in a marked envelope per claim for the attention of the Insurer/Company.

## **26. MOTOR SALVAGE**

If a vehicle is regarded a total constructive loss and the insured has been indemnified, then the salvage becomes the property of the Insurer/ Company.

Vehicles will be uneconomical to repair as per the values and guidelines of the Companies.

Vehicles must be deregistered in terms of the correct code and NATIS as provided by the Assessor.

No Insured will be entitled to salvage after a claim has been settled.

All vehicles of which the Company has become the owner must be facilitated in terms of Agreements with the Salvage Companies.

The vehicles must be transferred to appropriate salvage dealers.

Proper record must be kept of items, stock and recoveries.

Follow-ups should be done on outstanding invoices.

Funds received from the Salvage Companies should be allocated to the appropriate claim and transferred to the Insurer/Company as soon as when it becomes available from Salvage Companies.

## **27. NON-MOTOR SALVAGE**

If the salvage has no value, the Insurance Companies has a destroy policy.

If the salvage has value it should be handled in accordance with the Claims policy, Philosophy of the Insurance Company as well as any Service Level Agreements of External salvage dealers of the Insurance Company.

## **28. AGREEMENT OF LOSS**

An Agreement of Loss must be obtained for all claims events and or incidents settled in cash.

Indemnification by means of cash settlement should only occur when repair or replacement is not possible.

## **29. PAYMENT**

Payment, bordereaux and reimbursement requests must be done in accordance with the Binding Agreements and procedures of the Insurance Companies.

Payment of write-off vehicles will only be made after receipt of the Original Deregistration Certificates.

The interest of the financial institution noted on the policy should be paid first, and therefore all necessary steps should be taken to ascertain that the financial institution is paid accordingly.

Estimates must be amended simultaneously with payment.

A Clearance Certificate is required if indemnification is by means of repair.

Payment of External Suppliers of the Company will be done out of the claims settlement account.

The correct VAT code must be allocated to a payment.

Tax invoices must be specified and comply with VAT regulations.

Payment to an insured by way of an Electronic Funds Transfer may only be made into the insured debit order account.

Payment to any third party must be verified with a cancelled cheque or confirmation from the payees' bank.

## **30. RECOVERY AND THRID PARTY CLAIMS**

The merits of the claim will indicate the possibility of a recovery and third party claim.

Recovery and third party claims must be handled and facilitated by CERTAINSURE in line with the Binding Agreements of CERTAINSURE with Insurance Companies.

When a claim is to be sent to Recovery agents, Attorneys and or Legal Branches of Insurance Companies same must be done at the time of authorization of a claim.

Recovery instructions and notification of possible Third Party claims should include all available claim documents.

After receipt of recovered amounts the Insured must be refunded for the excess paid. However, payment of the recovered excess will be calculated in line with recovery settlement.

### **31. RENTAL VEHICLES**

Should the Insured have indemnification for a rental vehicle with in the ambit of his policy with CERTAINSURE, then the required procedures of the Rental vehicle company must be followed.

Cover and excess payment of a rental vehicle will depend on policy wording of the applicable Insurance Company.

### **32. CORRECTIVE UNDERWRITING**

Refer underwriting requirements including excesses, deductions and amendments to the Underwriting Department.

Refer specific underwriting recommendations made by the Assessors and Loss Adjusters to the Underwriting Department.

Confirm possible recoveries and third party claims with the Underwriting Department.

### **33. CLIENT CARE**

Claim handling should be equivalent to quality service, client care and excellence.

Complaint managing play the same important role in order to resolve complaints in the shortest and best possible manner.

Claim staff must endeavor to resolve any complaint received fairly, timeously with humanity and professionalism.

The claims handler receiving any complaint is accountable for the resolution of the complaint received and may not shift responsibility for resolution to any co-worker, except where the complaint is referred to the Manager.

The claims handler is obliged to comply with the turnaround time as provided by the Insurance Company in accordance with the applicable Service Level Agreement

### **34. ADMINISTRATION OF THE POLICY**

Any alteration to this policy is subject to approval by Management of CERTAINSURE. This Claims policy was approved by Certainsure Underwriting Managers (PTY) Ltd and became effective on 1 January 2017

### **35. CONTRAVENTION OF THIS POLICY**

In the event of any alleged violation of this policy Management evaluate the contravention and make recommendations on appropriate steps to be taken.

### **36. ALIGNMENT WITH INSURANCE COMPANIES**

The claims Philosophy and Policy of CERTAINSURE applies to all CERTAINSURE employees performing claim functions on the current CERTAINSURE operating systems.

The claims Philosophy and Policy of CERTAINSURE support standard operating systems that must be applied with in a uniform manner across the business in CERTAINSURE.

The claim functions are to be performed within the given claims mandate from the Insurance Companies.