

MARINE INSURANCE CLAIM: APPORTIONMENT AND DEVELOPMENT

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INCREASING COST OF MARINE CLAIMS

- * HURRICANE SANDY, 2012: USD 2,500,000,000
- * COSTA CONCORDIA, 2012: USD 1,440,000,000
- * MOL COMFORT, 2013: USD 400,000,000
- * MUMBAI FLOODS, 2005: USD 100,000,000
- * EXXON VALDEZ, MSC NAPOLI, MV RENA, THAILAND FLOODS etc.
- * **AND LASTLY TIANJIN EXPLOSION: USD 3,300,000,000**

APPORTIONING A CLAIM: ONE INSURER

- * Insurer
- * 100% Loss
- * Coinsurance Share - % and Amount
- * Retention - % and Amount
- * XL Treaty – Deductible, % and Amount
- * Obligatory Treaty - % and Amount
- * Proportional Treaty (Quota Share and Surplus) - % and Amount

APPORTIONING A CLAIM: MULTIPLE INSURERS

Sr. No.	Cedant	Co-Ins %	100% Loss*	Loss to Cedant		Type	AR's Share	Incurred	Paid	O/S	
1	AI	30%	100	30		FAC	35%	11	6	5	
						Obligatory	10%	3	3	-	
				XOL Deductible	NET (8%)	TREATY (42%)	QS	5%	2	2	-
				6	2	13	SURPLUS	42%	5	3	2
				Total						21	14
2	BI	25%	100	25		FAC	28.50%	7	4	3	
				XOL Deductible	NET (7.5%)	TREATY (54%)	Obligatory	10%	3	3	-
				1	2	14	SURPLUS	50.50%	7	-	7
							XOL	50%	0.5	0.5	-
				Total						17.5	7.5
3	CI	25%	100	25		FAC	-	-	-	-	
				XOL Deductible	NET (16%)	TREATY (74%)	Obligatory	10%	3	3	-
				10	4	19	SURPLUS	25%	5		5
				Total						8	3
4	DI	20%	100	20		FAC	-	-	-	-	
				XOL Deductible	NET (7%)	TREATY (83%)	Obligatory	10%	2	2	-
				2	1	17	SURPLUS	15%	2	-	2
				Total						4	2
GRAND TOTAL		100%					50.5	26.5	24		

RECOVERY FROM RETROCESSIONAIRES

Gross Loss to Treaty	50.5
Treaty Deductible	12.5
Net Loss to Treaty	38

S. No.	Reinsurer	Share	Net Loss	Share Amount
1	BR	30%	38	11
2	CR	25%	38	10
3	DR	15%	38	6
4	ER	15%	38	6
5	FR	15%	38	6
Grand Total		100%		38

DEVELOPMENT OVER TIME

- * Year 1 : Surveyors, Preliminary Estimates
- * Year 2 : Reinsurers involvement begins
- * Year 3 : 1st Payment on Account,
Retrocessionaires are informed
- * Year 4 : 2nd Payment on Account
Continuous communication between insurers,
reinsurer and retrocessionaires on updates and
estimates of the claim.
- * Year 5 : Final Payment by insurers and reinsurer
- * Year 6 : Final payments by retrocessionaires
- * Onwards : Arbitration, Recoveries from carrier, Retro Treaty
payments

DIFFICULTIES

- * CAT Losses – More Insurers and Time
- * Currency Fluctuation
- * Initial Reserve Estimates
- * Regular Updates
- * Follow up by Retrocessionaires
- * Change in Manpower

THANK YOU