

Reviewed by the Supervisory
Board of RC NRC JSC
(minutes no.7 dd. 26.12.2016)

Approved by Resolution of the
Board of RC NRC JSC
(minutes no.no. dd. 09.12.2016)

Reviewed by the Reinsurance Board
(minutes no.2 dd. 23.11.2016)

BASIC PRINCIPLES OF CLAIM SETTLEMENT

For internal use
RC NRC JSC loss settlement policy statement for market players

I. GENERAL

Settlement of claims by RC NRC JSC (hereinafter - NRC) is a set of procedures and actions used to ensure high quality and timely performance of NRC obligations while observing the rights of the parties, under reinsurance contracts, made by NRC in respect of events insured against under such contracts.

Claim settlement procedures under contracts made with NRC are governed by the following documents:

- provisions of Chapter 48 “Insurance” of the RF Civil Code;
- provisions of Federal Law of the Russian Federation dd. 27.11.1992 no.4015-1 “On Insurance Business in the Russian Federation”
- RF legislation concerning claim settlement in obligatory insurance;
- practice of judicial settlement of disputes under contracts of insurance/reinsurance, reviews, explanations of the Supreme Court;
- provisions, conditions, rights and obligations implied by the terms and conditions of reinsurance contracts made by NRC;
- existing practice and/or standards, and/or rules of conduct in insurance, reinsurance, claim settlement even if they are not provided for by the law (but not in conflict with it), in accordance with art.5 of the RF Civil Code.

Claims shall be settled in strict compliance with the RF law.

NRC is entitled to obtain information, documents and interact with the reinsured, its representatives, surveyors and adjusters to the extent and on the conditions that are similar to other insurers, unless otherwise provided for by the conditions of the reinsurance contract for all the parties to the contract.

Claims under reinsurance contracts shall be settled by Claim Settlement Department (hereinafter - CSD).

II MANAGEMENT OF CLAIM SETTLEMENT DOCUMENTS

For the purpose of claim settlement, CSD shall collect, process, analyze and keep documents, materials and other data connected with reported losses.

NRC is provided with Notices of losses and documents/data required for settlement of reported losses (hereinafter - loss data) by the reinsured. If it is required for performance of NRC obligations to make payments under reinsurance contracts, such loss data may be obtained from:

- insurance/reinsurance brokers;
- insured (beneficiaries) under direct contracts of insurance;
- expert organizations (surveyors, loss adjusters, etc.) involved in investigation of causes, circumstances of loss and/or calculation of the amount of loss/insurance indemnity, as instructed by reinsured and/or NRC;
- other persons and organizations participating in investigation of causes, circumstances of the event, amounts of damage/compensations as prescribed by the law.

Loss data may be submitted:

- electronically;
- as hard copies.

Electronic data shall be considered equivalent to hard copies, if provided for by the reinsurance contract, and shall be presented (sent, received, exchanged by the parties) from and/or to the e-mail(s) provided below and/or specified in respective reinsurance contracts. The reinsured should make sure that the documents, electronic copies of which were presented to NRC, are kept appropriately, in order to present their originals and/or certified copies immediately upon request of NRC.

Any notice of loss (hereinafter - the Notice) shall be provided to: claims@rnrc.ru¹

Such notice shall contain:

- reinsurance contract number;
- insured under direct (original) insurance contract;
- date of loss;
- description of known (as of the date of notice submission) causes and/or circumstances of loss;
- amount of reported loss (if known) and/or outstanding claims reserve (if any) established by the insured;
- description of actions taken and/or planned by the reinsured to settle the loss (if known);
- contact information of the reinsured in case of urgent issues.

NRC shall confirm receipt of the Notice to the reinsured within 24 hours. Should NRC act as the main, leading reinsurer and should the procedure for agreement of the claim settlement process with NRC be established in the reinsurance contract, NRC shall provide the reinsured with the planned algorithm of claim settlement within 24 hours from the receipt of the notice of loss. Confirmation shall be forwarded from the e-mail specified above and/or e-mail addresses of CSD employees.

Exchange of documents, materials, correspondence with the reinsured and/or other persons involved in claim settlement will be mainly performed by NRC electronically.

If electronic communication is impossible, documents, materials and/or other information provided as hard copies shall be submitted by mail with confirmation of receipt or by courier to the following address:

6 Gasheka Street, Floor 5, Ducat Place Business Centre, Moscow 125047
Claim settlement Department of RC NRC JSC²

¹Unless other methods and resources of electronic presentation of notices are set as of the notice provision date.

If it is specifically required (e.g. by virtue of legal requirements, requirements to record/present the conditions and/or the procedure of settlement, etc.), settlement of the reported loss under a reinsurance contract may be documented in a Claim Settlement Agreement (hereinafter - the “Agreement”) signed by the reinsured and NRC. The form and content of the Agreement depend on the type of coverage of the event insured against, the type and form of reinsurance under which the loss was reported to NRC, conditions of the reinsurance contract, but, anyway, the Agreement shall always contain the following data:

- reinsurance contract number;
- date of loss;
- brief description of the loss and grounds for its qualification as an event insured against under the direct insurance contract;
- settlement of loss between NRC and the reinsured and the procedure of settlement (payment of indemnity to the reinsured, payment of indemnity to the insured, etc.);
- absence of reciprocal claims between the parties under the reinsurance contract;
- signatures of the parties authorized to sign the Agreement on behalf of the reinsured and NRC.

The Agreement will be issued in two copies, one for each of the parties signing the Agreement. For the purpose of timely performance of claim settlement obligations by the parties under the reinsurance contract, such Agreement may be executed (signed), produced and used in electronic (scanned) form. Each party will keep the original copy of the Agreement in accordance with the established procedure and regulations.

The dates of signing and submission of the Agreement shall not affect the speed and terms of indemnity payment by NRC under the reinsurance contract.

III. CLAIM SETTLEMENT PROCEDURE

Following the receipt of the Notice of Loss from the reinsured, NRC shall proceed with the claim settlement on conditions defined by the respective reinsurance contract:

- “follow the fortunes” and/or
- “claim control”.

The method and character of NRC participation in claim settlement shall not oblige NRC to pay that part of losses that could not (should not):

- be qualified as an event insured against and/or
- be subject to indemnity,

in accordance with the conditions of the direct insurance under which risks were ceded to NRC.

Should the loss be settled according to “follow the fortunes” principle, NRC will follow the settlement procedure as follows:

1. Receipt of the Notice from the reinsured.
2. Confirmation of Notice receipt to the reinsured.
3. Obtaining of documents proving loss qualification as an event insured against, identification of the object of insurance, calculation of the amount of loss, payment of the insurance indemnity under the direct contract as well as invoices (debit notes) for NRC share in the insurance payment from the reinsured.
4. Provision of acceptance of the NRC share in losses to the reinsured and payment.

NRC is entitled to:

- request from the reinsured and obtain data on the status of settlement of losses reported to NRC in the respective Notice of Loss;

²Unless other addresses and/or methods and resources of presentation of notices are set at the beginning of information exchange.

- request the reinsured to provide and receive documents serving as the grounds for loss qualification as an event insured against and calculation of the amount of indemnity under the direct insurance contract;
- verify that the loss was qualified by the reinsured as an event insured against;
- verify that the amount of insurance indemnity is justified and that the calculation meets the conditions of the direct insurance contract;
- verify that the insurance indemnity was paid by the reinsured.

Should the loss be settled according to “claim control” principle, NRC will follow the settlement procedure as follows:

1. Receipt of the Notice from the reinsured.
2. Confirmation of Notice receipt to the reinsured with a request to:
 - ensure the rights and authorities of NRC (NRC representatives) to participate in meetings, negotiations and other actions taken by the reinsured for the purpose of claim settlement under the direct contract,
 - agree any expert organizations and/or persons (surveyors, loss adjusters, etc.) who will investigate the reported loss for and on behalf of the reinsured with NRC.
3. Receipt from the reinsured of all documents, reports, conclusions and other information obtained by the reinsured in the course of claim settlement before any decision on such documents is made.
4. Analysis of the information provided by the reinsured in respect of the loss. Provision of recommendations, requirements in respect of the claim settlement process to the reinsured.

5. Acknowledgement of the reported loss as an event insured against under the reinsurance contract or claim rejection.
6. Acceptance of the amount of indemnity in respect of the share of NRC (if the reported loss is acknowledged as an event insured against under the reinsurance contract).
7. Payment of the amount of indemnity.

NRC is entitled to:

- engage expert organizations to determine causes and circumstances of loss and/or the amount of losses and amounts of indemnity;
- work out possible solutions and scenarios for implementation of such solutions in the course of claim settlement in cooperation with the reinsured;
- verify that the occurrence is qualified as an event insured against, before the reinsured reports it as such to the insured under the direct contract;
- verify the amount of insurance indemnity and correspondence of the calculation to the conditions of the direct insurance contract, before it is reported as such to the insured under the direct contract;
- agree the procedure of payment of the insurance indemnity;
- participate in arbitration and other proceedings in the Russian Federation and other countries in connection with losses reported by the Reinsured under the insurance and reinsurance contract.

Irrespective of the conditions of claim settlement (“follow the fortunes” or “loss control”), the following events, situations and circumstances shall serve as the cause to discuss and work out additional common solutions of NRC and the reinsured for settlement of the losses:

1. bankruptcy or the insured/beneficiary under the direct contract;
2. initiation of a judicial proceeding by the insured/reinsured with the intent to settle the reported loss in court;
3. transfer of the rights of claim under the underlying contract by the insured/reinsured to third parties;
4. institution of criminal proceedings against persons from among the management board of the insured/beneficiary (if such proceeding is instituted in connection with the occurred loss);
5. double insurance of the object in respect of which the claim was made under the direct insurance contract;
6. any grounds to suspect the insured/beneficiary of committing fraud (or acting in bad faith) under the direct insurance contract, in respect of which a loss was reported by the reinsured to NRC;
7. other cases agreed by the parties for the purpose of performance of the reinsurance contract.

IV. FINAL PROVISIONS

NRC intends to arrange all procedures and processes dependent on NRC and related to claim settlement in such a way as to ensure quick and effective response to all requests and applications of reinsured.

NRC is governed by the following principles in all decisions concerning claim settlement:

“Completeness of information” - information reviewed in connection with the reported loss should be as complete as possible, for the purpose of production of effective solutions;

“Reliability of information” - information used in connection with the reported loss should be justified and its sources should not suggest any doubt;

“Timeliness” - all information and solutions shall be provided without delay, as quickly as possible in the current situation;

“Clearness and appropriateness” - all solutions shall be developed on the basis of available facts, information and other data and should be easily understandable and available for audit.

NRC will endeavor to settle any arising disputes by negotiations.