Motor OD Claims

**Magma HDI General Insurance Company Limited**

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| **Process Applicable to** | **:** | **Motor OD Claims** |
| **Processes Impacted by SOP** | **:** | **Motor OD Claims – Intimation to Settlement** |

**Internal Policies and Systems Involved**

|  |  |  |
| --- | --- | --- |
| **Internal Policies Governing the process** | **:** | **System Involved in the process** |
| **Standard Operating Procedure**  **Motor Own Damage Claims V1.2** | **:** | **MaGIC** |
| **PPHI Regulations 2017** | **:** | **iClaims** |
| **Policy on appointment of surveyors & loss assessors** | **:** | **Omnidocs** |
| **Policy on maintenance of Insurance records** | **:** | **Outlook** |

**Version Control Sheet**

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| --- | --- | --- |
| **Last Version Control Number** | **:** | **V1.2** |
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| **Prepared By** | **:** | **Soumen Boyal** |
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# Objective

The objective of this SOP is to document the procedures related to Motor Own Damage (OD) Claims to be carried out by Motor Claims team based out of Magma HDI Claim Servicing Office (CSO) and Head Office (HO). The document contains all updated business processes (pertaining to Motor claims processing) that are sacrosanct and are documented post concurrence from all the concerned stakeholders across functions. Further, this document aims at –

* Providing assistance to new / existing Motor claims staff for the purpose of carrying out their day-to-day activities
* Standardized process for Claims handling and processing
* Achieving desired level of standardaization in process execution
* Facilitating internal process and statutory audits / reviews
* Achieving process efficiency and thereby help reduce operational cost

The Guidelines laid down here are not exhaustive and are of general nature. It may be possible that some of the Guidelines laid down can not in practice be complied with due to particular circumstances of a case. Such non-compliance need not, therefore, render the claim as invalid. The Claim Settling Authority can use discretion by recording the reasons.

# Scope

The Motor Claims Manual aims to provide an end-to-end process for claims management:

* Claim Intimation
* Claim Registration
* Claim Assessment
* Claim Settlement
* Vendor Management
* Claim Review

It is important to note that “settled claim is the best claim” – Every effort should be made to proactively settle all the claims in a transparent, just & equitable manner.

# Introduction

Our objective is to set up a Customer friendly, Efficient, Transparent, Quick and Simplified Claims Organization.

**Our Mission**

**We will make a difference**

Deliver High Standard Service

Provide Innovative & Fresh Thinking in Claims Management

Use technological solutions for claims handling

Use expertise from personalized markets on Innovative settlement techniques

Default reserving system for average claims on vehicle class level

**We will provide solutions**

Educate the customer

Show Empathy

Explain Settlement details to reduce complaints

**We will have a balanced approach**

Just and Fair claim settlement

Control Cost through innovative loss prevention and minimization measures

Control Fraud through preventive and predictive modelling

# Systems Used

| **System Name** | **Usage Description** | **Link / URL** |
| --- | --- | --- |
| MaGIC  iClaims  Omnidocs  Outlook | * Claims Notification * Claims Registration * Surveyor appointment * Claim Details * ILA * Settlement Type * FLA * Recommendation | <https://magic.magmahdi.com/GCClaimDigitalPortal>  GooglePlay: <https://play.google.com/store/apps/details?id=com.magmahdi.preinspection>  iTunes: <https://apps.apple.com/in/app/magma-hdi-isurvey-application/id1442200470> |

# Definitions & Abbreviations

Following are the definitions and abbreviations used in this SOP document –

1. CSO – CLAIM SERVICING OFFICE
2. HO – HEAD OFFICE, MUMBAI
3. TAT - TURN AROUND TIME
4. CSM – CLAIM SERVICE MANAGER
5. ZBO – ZONAL BACK OFFICE
6. ZCH - ZONAL CLAIMS HEAD
7. TCT – TECHNICAL CLAIMS TEAM
8. SR TCT – SENIOR TECHNICAL CLAIMS TEAM
9. NM – NATIONAL MANAGER
10. CTO – CHIEF TECHNICAL OFFICER
11. CEO – CHIEF EXECUTIVE OFFICER
12. OD - OWN DAMAGE
13. TP - THIRD PARTY
14. NCB - NO CLAIM BONUS
15. BI - BODILY INJURY
16. TPPD - THIRD PARTY PROPERTY DAMAGE
17. FIR - FIRST INFORMATION REPORT
18. LR - LORRY RECEIPT
19. CN - CONSIGNMENT NOTE
20. GVW - GROSS VEHICLE WEIGHT
21. UW - UNLADEN WEIGHT
22. CC - CUBIC CAPACITY
23. RC - CERTIFICATE OF REGISTRATION
24. MDL - MOTOR DRIVING LICENSE
25. CF - CERTIFICATE OF FITNESS
26. TL - TOTAL LOSS
27. CP – CLOSE PROXIMITY

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# Check Points during Claim Intimation

## 6P Check

During lodgment of the claim, verification of 6P is encouraged. However, the time taken for verification should not be an impediment in the appointment of surveyor. Below are the 6 P’s recommended during claim intimation –

* **Premium** Check whether Sec 64 VB is complied with.
* **Period** Check whether the insurance is in force.
* **Peril** Check whether the cause of loss is covered.
* **Property** Check whether the property said to be affected is insured.
* **Place** Check whether the location is covered.
* **Person** Check whether the claimant has insurable interest.

## 64 VB Compliance

Receipt of premium i.e. compliance of section 64VB of Insurance Act should be confirmed for all cases. System will show Premium Collection status (deposited, bounce, confirmed) in claim screen for all claims. Where the status is “not confirmed” an auto mailer is triggered to seek 64 VB clearances from the 64VB Confirmation Team.

In case of dishonor of the negotiable instrument issued by the customer, claims shall initiate the repudiation process; otherwise, the sequence of the rest of process shall be followed. System validation is put in place to ensure no claims can be recommended for final payment unless 64VB is confirmed.

## Close Proximity Claims (CP)

Losses/accidents reported to have occurred within 15 days of inception of the policy (Loss Date- Policy Inception Date <= 15 Days) would be termed as Close Proximity (CP) claims. Close Proximity up to 7 days shall be treated as High Risk & 8 Days to 15 Days shall be treated as Medium Risk. However, policies sourced from the Company’s own renewal business without any break in insurance & submitted to Ops prior to expiry would not fall under the definition of CP. Also, rollover business where CN is submitted or booked prior to expiry of PYP shall not fall under the category of CP.

## CP Report

Whenever there is an accident/loss which is reported to have occurred within 15 days of the date of inception of the policy, such cases need to be checked for CP

## CP Process

A request for CP confirmation shall be auto triggered to CP Confirmation team with a copy to respective CSM.

Information related to CP like Sourcing Documents, Pre Inspection Report & Photos, Approval Tracking System (ATS) are available in MaGIC. CSM needs to seek approval of respective authority for clearance of CP.

The CP clearance is to ascertain the compliance of risk acceptance norms. However, the admissibility of the claim or otherwise shall be decided on merit by claims work stream only. All claims of CP shall be approved by Sr TCT.

Until the CP & 64 VB Confirmation checks are clear and found in order, no cashless offer is to be made to the Insured/repairer. However, repair authorization should not be stopped and authorization provided to commence repairs “without prejudice” and subject to the terms & conditions of the policy. This clause should be explicitly communicated in writing by external surveyor or our In House assessor as the case may be to the repair shop at the time of assessment

## No Claim Bonus (NCB)

No claim bonus needs to be checked in every claim

In case there is NCB availed by the insured in a rollover policy, and a claim is lodged the following process needs to be followed –

* An auto mailer is triggered to NCB Confirmation Team which in turn sends us the confirmation received from previous insurer.
* The claims handler will also try to get details from the previous insurer on the correctness of the NCB
* Further, the NCB correctness proof from can also be checked from the IIB site
* The claims handler needs to get the proof of correctness of the NCB on mail or letter or screen shot of the IIB site to take a decision

The claims handler will then seek approval of TCT with all relevant information for further processing of the claim.

In case the NCB is wrong then the claim will be repudiated and the Claim will be forwarded to HO for repudiation and repudiation will only be done at HO. However, based on the merit of the claim HO may decide against repudiation for a standard or non-standard settlement as the case may be.

## Policy

In order to ascertain the coverage particulars, the policy could be accessed through MaGIC.

## Reserve Creation

Immediately after receipt of intimation, claim shall be registered without any delay (on-line registration for intimations received through Call Centre). Default initial reserves will be set up in the system as recommended by the Actuarial Team which is further approved by Committee consisting Head – Motor OD Claims, Head – Motor U/W, CEO, CFO, CTO and Appointed Actuary. Refer to the updated default reserve note for vehicle class wise default reserve.



## Delay in Intimation:

Any delay of reporting claim to us beyond 7 Days needs to be checked thoroughly. CSO needs to seek approval of respective authority based no of days & the designated authority shall guide settlement as standard or non-standard or repudiation of the claim based on merit of the claim.

Claims intimated with a delay of 8 days to 15 days after loss date shall be treated as Low Risk, 16 Days to 30 Days shall be treated as a Medium Risk & >30 Days shall be treated as a High Risk Claim.

# OD Claims Processing

OD Claims processing will be done by CSO. The team essentially takes care of Claims process across for Motor lines of business. Additionally, Claims team is also responsible for carrying out processes pertaining to Appointment of Surveyors, Investigators & other Legal experts. Below are the key responsibilities carried out by Claims Team –

## Claim Registration

The Insured will have option of intimating the claim through following means –

* Visiting the office of the company
* Call Center
* Intimation on company’s e mail id / telephone / fax
* Sending a letter to the company
* Company’s Web site
* iClaims Mobile Application
* Agent Portal
* Workshop Portal
* Partner Portal with direct web service integration

In order to ensure proper and uniform customer service, all customers would be encouraged to use the facility of Call Centre (CC), which could be accessed through a toll free no. **18002663202.** Nevertheless, under exceptional cases, the intimations could also be received at branches through telephone, FAX, e-mail, letter or in person.

Calls received at CC shall go through a structured script circulated to them. For intimations received at offices other than CC, the person receiving the claim intimation, must take down the minimum required initial details, such as –

* Policy number
* Insured’s name, Contact number and complete address of loss location where the damaged property is available for inspection.
* Registration number of the vehicle.
* Name of the person driving the vehicle at the material time of loss.
* Name, designation & telephone nos. of the caller and the site representative
* Brief description of the nature of loss / damage to the property insured / Bodily injuries if any.
* Estimated Loss (approximate)
* Details of loss minimization if undertaken by insured

The intimations thus received either shall be recorded in MaGIC primarily by the call center and a claim intimation number will get generated. The customer shall be informed of the claim intimation number for tracking the status of claim and an SMS would be generated to the mobile number on record.

Call center executive and the CSM will ensure that the insured / caller is informed about the documents that are mandatory for claim processing and also the various options that the insured has for submission of such documents.

## Intermediary / Survey Appointment

* The survey appointment will be done instantly once the claim is registered based on system algorithm of workshop mapping & loss location mapping.
* The claims handler shall have the flexibility to utilize competent & appropriate surveyors for the claim reported in case he himself is not able to attend the same.
* Also the CSM may change the claim handler in case the loss is not pertaining to his location.
* CSO shall have the discretion to waive off an independent survey and settle the claim on the basis of the self-inspection done by the customer/ workshop thru iClaims Mobile App after being satisfied that it is admissible under the policy and that the amount claimed is reasonable and consistent with the extent of damage. Where necessary, any claims handler from the office may inspect the damage and process the claim.
* For all claim Assessments exceeding Rs.50000/-, an IRDA licensed surveyor shall be appointed as per the surveyor’s list available with the claims team.
* Any large Own Damage loss above Rs 5 Lacs for Private Car & Commercial Vehicles, Rs 50000 for Two Wheelers should be intimated to Head Claims, Underwriter and the channel head. Presently an auto trigger is developed to send such intimation to select group.
* The surveyor should be appropriate for the job involved. Appointment of surveyor should depend upon the type and class of the vehicle and the expertise of the said surveyor like Heavy Vehicles, Two Wheelers or Cars and on the extent of damage
* Where a servicing office is approached for survey, even though it is not the policy issuing office, appointment of surveyor, Claim processing, follow up and settlement would be done by the servicing branch
* All appointments must conform to the Policy on appointment of Surveyors & Loss Assessors as attached herewith.



## Stages of Survey

There are 2 stages of surveys as given below:

* **Spot survey:** Spot surveys will not be mandatory
* **Final survey:** This shall mean from the time the initial inspection is carried out by the appointed licensed surveyor, during the course of repairs and till the completion of repairs. The same surveyor shall be responsible to carry out surveys end-to-end and finalize the claim in one report
* As practicable as possible, the spot surveyor should be engaged for final survey to ensure continuity in customer engagement, customer satisfaction and avoid any mis-representation as the claim progresses. However, the claim handling offices are free to engage competent surveyors different from the spot surveyor on a case to case basis
* Survey (Spot or Final) should be arranged at the earliest. For claims intimation received before 1400 hrs on a working day, the licensed surveyor shall carry out the inspection the same day and for intimations received after 1400 hours, the licensed surveyor shall complete the inspection before 12 noon of the next working day. Where the inspections may spill over to the first half of the next working day, then the insured should be informed suitably on the status of inspection by the surveyor. This time line will be extended for remote or far flung locations, however, in no case the initial inspection should be delayed beyond 1 business day after receipt of intimation for local surveys and 2 business days for outstation surveys
* The TAT for completion of initial inspection by the appointed surveyor shall not be more than 01 business day for local surveys and not more than 02 business days for locations where the Company does not have its claims operations.

## Appointment of Investigators / Experts

* Availing services of professionals / experts for a claim would be based on the merits of the case concerned.
* Such cases would be few and need may arise only when there is reasonable and sufficient preliminary evidence to believe that the claim presented is an act of fraud or moral turpitude or where legal complication may likely to arise.
* Where Surveyor recommends/ suggests, gathering additional information which is beyond his purview and is absolutely necessary for the Claims handler to decide on admissibility or quantum, an Investigator or an Expert would be appointed.
* The remuneration of professionals, whose services would be availed, should be negotiated in advance. This will be in addition to the survey fees. Following Fee Schedule should be followed for all cases of investigation.

|  |  |
| --- | --- |
| Category | Fee structure |
| TW | 2500 |
| Pvt Car & PCV | 3000 |
| CV ( GCV & MISC D) | 3500 |

Out of pocket expenses shall be extra, over & above this professional fees. In case of any special consideration, further approval of IFCU Head would be required.

* Such cases to be referred to IFCU (Investigation & Fraud Control Unit) for appointment of investigator, however CSM can also directly appoint investigator basis the requirement.

## Appointment of Arbitrators/ Legal Counsels /Recovery Agents

* Availing services of professionals captioned above would be based on the merits of the case concerned.
* All such cases need to be referred to HO

## Claim Details

* Claim details to be filled by surveyor after conducting the surveyor
* Need to fill the date of survey, RI / Kept Open / towing required YES / NO.
* Need to cross verify the loss date and all other details with the documents submitted by insured at the time of survey
* Need to update proper estimate value
* Investigator needed YES / NO to be updated
* Need to check the Driver details with the intimation for driver swapping .All the driver details to be filled as per the DL copy provided by insured at the time of survey
* Need to update the odometer reading , Color of vehicle ,Endorsement details in case of any
* Documents Check list to be updated before submitting of claims details.
* Requirement Letter to be sent after updation of document checklist within 7 days of claim intimation. MaGIC will send 2nd & 3rd reminders automatically in 7 days’ succession for OD Claims & 30 days’ succession for Theft Claims.

## ILA

* Preliminary Survey report to be prepared by surveyor as per the assessment done
* Repair / Replace of the parts to be properly entered with assessed labour charges
* Settlement type to be properly selected before submission of ILA.
* Work Order will be sent to the workshop by MaGIC on approval of ILA wherever applicable else on submission of ILA.

## FLA

* Final Survey report to be prepared by surveyor as per the Invoice copy for Partial loss
* HSN / SAC code with correct GST % to be updated against Repair / Replace of the parts
* Settlement type to be properly selected before submission of FLA
* Delivery Order will be sent to the workshop by MaGIC on approval of FLA wherever applicable else on submission of FLA.
* External Surveyors need to upload duly signed copy of FLA.

## Recommendation

* In Recommendation bill in the favor to be properly selected as Magma HDI / Insured
* Ext Surveyor details to be updated such as report No, survey date , survey fee ,survey fee date .( In case of Ext Survey only )
* In payment details Payee types to selected depending upon the payment to be paid ( Insured , Surveyor , Investigator , Workshop , Legal Hires ,Financer )
* Magma HDI State & Invoice details to be properly captured before submitting the claim for recommendation.
* Last Document submission details to be captured for PPHI compliance.
* AML/ KYC of Insured needs to be collected for all claim payment exceeding 1 Lac. In case Aadhaar is collected, first 8 digits need to be masked.

# Types of Claim settlements

Following are different types of claim settlements –

* Partial loss
* Spot Settlement
* Cash loss
* Total Loss (TL)/Constructive Total Loss (CTL)
  1. Net of Salvage
  2. Total Loss with retention of wreck by the Company
* Theft
  1. Total theft
  2. Partial theft

## Partial Loss Claims

Claims would be settled on Partial Loss basis as per terms & conditions of the policy, subject to receipt of the following:

* Claim form duly completed & signed by the Insured 
* Copy of Registration Certificate (RC)
* Copy of Driving License (DL) of the person driving the vehicle at the time of accident
* Certified copy of the FIR, if TP is involved.
* Repair/replacement Invoice
* Money Receipt in case of reimbursement. Paid Stamp on Cash Invoice shall also serve the purpose.
* NEFT Documents in case of reimbursement
* AML/ KYC Documents in case payable amount > 1 Lac. In case Aadhaar is collected, first 8 digits need to be masked.

Additionally in case of Commercial Vehicles, following documents are required wherever applicable.

* Permit Copy
* Fitness Copy
* Load Challan Copy
* In case of payment of partial loss in favor of Financier is required based on specific request from the Insured, A Consent of Insured needs to be taken in specified format.

## Partial Loss Salvage

Depending upon the nature of the damaged items & their usability, an agreed salvage value as arrived at by the surveyor & agreed by the Insured shall be deducted from the gross claim.

However, the CSM may decide no deduction towards salvage in Partial loss claims. The Company shall not take over the salvage nor deduct any value from the assessment. However, it would be the responsibility of the in-house assessing resource or the licensed surveyor handling the claim, as applicable, to destroy the salvage beyond use. The cost of destruction of the salvage shall be borne by the repairer and the company should not be billed for the services.

## Spot Settlement - InstaMoney

Instant Money is an offer for cash settlement enabling the Insured to get his vehicle repaired at his convenience within 45 Days & at his preferred workshop. Once the offer is accepted by Insured, payment is made upfront. The amount so offered is full & final, Insured has obligation to utilize the amount fully towards repair of claimed damages. Such settlement should be concluded based on duly signed consent letter as attached.



## Cash Loss Claim

* In case of major losses, where the insured vehicle has sustained damage extensively but not warranting settlement on Total Loss basis as per policy, settlement on Cash Loss mode could be explored. The Insured may or may not repair the vehicle under certain circumstances. Cash Loss mode of settlements may be offered to such customers. The following conditions need to be met while offering this mode of settlement:
  + Insured should provide consent to the cash loss mode of settlement
  + Insured should find a wreck buyer &/or retain the wreck
  + Insured should bear the estimate & garage demurrage charges
  + Dismantling &/or repairs of the damaged vehicle should not have commenced.
* If all the above conditions are met, then Cash Loss settlement may be offered to the Insured.

The following documents would be required for settlement under cash loss mode:

* Claim form duly completed & signed by the Insured
* Copy of Registration Certificate (RC)
* Copy of Driving License (DL) of the person driving the vehicle at the time of accident
* Certified copy of the FIR, if TP is involved.
* AML/ KYC Documents in case payable amount > 1 Lac. In case Aadhaar is collected, first 8 digits need to be masked. NOC from the financiers, if insured vehicle under hypothecation/lease agreement or payment to be made to financer as the case may be

Additionally in case of Commercial Vehicles, following documents are required wherever applicable.

* Permit Copy
* Fitness Copy
* Load Challan Copy

Insurance Policy shall be cancelled in this mode of settlement w.e.f. the date of loss.



## Settlement of Total Loss (TL) / Constructive Total Loss (CTL) Claims

* Claims would be settled on Total Loss (TL)/Constructive Total Loss (CTL) basis where the aggregate cost of retrieval &/or repair of the vehicle exceeds 75% of the IDV, subject to terms & conditions of the policy. Wherever claims are settled under TL basis, one of the two following modes is to be adopted
  + - Net of Salvage basis
    - Total Loss with retention of wreck by the Company
* Settlement of such claims shall be in line with attached internal circular issued on 1st Sep 2019, in line with IRDA circular number IRDA/NL/CIR/MOTOD/118/07/2019 .



## Net of Salvage Basis

* After finalization of the loss by the designated surveyor and when it is clear that the claim is heading for a TL/CTL, discussions should be initiated with the Insured on the mode of settlement. The surveyor shall keep the Company informed at all stages. CSO needs to obtain 3 quotes from salvage buyers or use any online portal for salvage and furnish the same. CSO shall negotiate and finalize the salvage value with the highest bidder. This highest wreck value shall be deemed to be the disposal value and the proceeds directly given to the Insured in the form of Demand Draft/Pay Order only. (NEFT/RTGS modes are also acceptable). The surveyor shall ensure that the wreck is handed over to the successful buyer.
* The surveyor would issue a report confirming the completion of the process in his final report or through an addendum. The Company would then settle the claim in favor of the Insured/Financier, as the case may be, for the balance amount [e.g. IDV–realized wreck value–deductible(s)] subject to the terms & conditions of the policy.

The following documents would be required for settlement under Net of Salvage mode:

* Claim form duly completed & signed by the Insured
* Copy of Registration Certificate (RC)
* Copy of Driving License (DL) of the person driving the vehicle at the time of accident
* Certified copy of the FIR, if TP is involved.
* AML/ KYC Documents in case payable amount > 1 Lac. In case Aadhaar is collected, first 8 digits need to be masked.
* NOC from the financiers, if insured vehicle under hypothecation/lease agreement or payment to be made to financer as the case may be

Additionally in case of Commercial Vehicles, following documents are required wherever applicable.

* Permit Copy
* Fitness Copy
* Load Challan Copy

Insurance Policy shall be cancelled in this mode of settlement w.e.f. the date of loss.



## Total Loss with retention of wreck by the Company

* If the insured refuses to retain the salvage and net of salvage settlement is out of the scope, then the TL/CTL claim is settled in full based on the IDV less deductible(s), subject to the terms & conditions of the policy. TL/CTL salvage shall be handled in the manner as prescribed in salvage disposal
* List of RTA Transfer Forms (to be obtained in triplicate) :
  + Form 28
  + Form 29
  + Form 30 and
  + Form 35 & NOC from financier (if under hypothecation, hire purchase or lease agreement)
  + In case original RC is lost with vehicle this should be mentioned in FIR. If the same is not mentioned in FIR then the insured should get duplicate RC prepared from RTO and submit the same to us or give from 26 along with letter to RTO for keeping vehicle in safe custody

## Settlement of Theft Claims

## Partial Loss due to Theft

These types of losses may result into:

* + Partial loss of components or accessories of the vehicle or
  + Insured vehicle is stolen and later recovered (prior to settlement) but components and accessories removed.
  + A First Information Report (FIR) is required for both the above incidents. However, in respect of the recovered stolen vehicles, if components are found missing or changed, this is to be recorded in panchanama/recovery memo.

## Total Loss due to Theft

Total loss due to theft of the insured vehicle should be dealt with as per the following guidelines:

* Investigation of the theft is to be held by an investigator to be appointed with specific terms of reference, including the assignment to trace the vehicle.
* Once the Insured comes to know about the theft, he should take all measures needed to protect the interests of the Company and the Insured himself. They would include:
  + File a complaint and record an FIR with police
  + The RTO is to be informed about the theft of the vehicle and this should be entered in tax book so that further tax will not accrue, where life tax is not payable
* The following documents would be required for settlement of total theft cases:
  + Claim Form duly completed & signed by the Insured
  + Original Registration Certificate (RC) \*\* and tax book, in case if the Original RC is lost, Form No 26. In case original RC is lost with vehicle this should be mentioned in FIR. If the same is not mentioned in FIR then the insured should get duplicate RC prepared from RTO and submit the same to us or submit form 26 along with letter to RTO asking for safe keeping copy of the FIR
  + Non-Traceable Certificate (NTC) issued by Police
  + Final Investigation Report (FR) from the Magistrate’s court under sec 173 of Cr. P.C.
  + Copy of the letter addressed to the RTO to record the crime in their records & informing them not to transfer the vehicle without written consent from insurer along with RTO’s acknowledgement of the letter
  + Discharge Voucher duly signed by the Insured & financiers
  + NOC from the financiers, if insured vehicle under hypothecation/lease agreement
  + Ignition key of the car along with duplicate(s)
  + Letter of Undertaking and Subrogation.
  + Original insurance policy for cancellation

*\*\* - Some locations would require RCs to be transferred in the Company’s name and the market practice prevalent would be adopted for ease & convenience.*

* Every effort should be made to persuade the insured obtain the Non Traceable Certificate/report from police authorities and settle the claim in full. However, there will be occasions, wherein, all other specified documents other than NTC would be available. Under those circumstances, the claim may be considered for an amount equal to the IDV or less than IDV. There should not be an iota of doubt on the admissibility of the claim under the policy.
* A discharge voucher, letter of undertaking, Indemnity Bond & subrogation should be obtained for releasing payments
* For financed vehicles claim payment to be released in favor of financier either the total payable amount or only outstanding amount (if loan foreclosure statement is available) based on Insured’s requirement.
* The Police authorities, Registration authorities and the NCRB should be notified in writing about settlement of the claim following theft of the vehicle and requested to advise the Company if the vehicle is recovered subsequently
* For intimation to NCRB (National Crime Records Bureau), an on-line form to be filled up from their website <http://ncrb.nic.in/vehicleenquiry>. Immediately after receipt of advice from the Police regarding recovery of the vehicle, necessary steps for taking possession of the vehicle from the Police custody should be taken and, if necessary, an advocate should be appointed for filing recovery application in the court.
* Municipal Authorities, where applicable, and the RTA should be advised by Registered Letter with Acknowledgement Due to record `non-use' of the vehicle on account of theft and about the cancellation of the Insurance policy. If the vehicle is recovered subsequent to payment of the claim, the Insured will have the option to repay the claim amount already paid and retain the recovered vehicle. If the vehicle is found damaged, the Insured will be indemnified against loss &/or damage. The Insured should be advised to obtain a recovery memo from the Police and to get the vehicle surveyed at the Police Station before taking delivery, as mentioned under partial loss theft claims.

## Salvage Handling and Disposal Process

* Deterioration of the damaged parts, if left to the vagaries of weather without proper preservation mechanism, would result in drastic fall in the value of the damaged property. Hence, we attach a great importance to preservation of quality and quantity of salvage and its timely disposal in order to minimize the loss.
* MOTOR SALVAGE MANAGEMENT PROCESS
* **DISPOSING OF SALVAGE**

Salvage represents one of the few opportunities for the Company to recover money. It is, therefore, important that it is disposed of quickly using the method which yields the highest revenue available.

* **THE COMPANY’S POLICY ON SALVAGE**

Magma HDI will always try to obtain maximum return for minimum effort and expense, whilst always acting with the utmost integrity.

* **NOT TAKING CUSTODY IS COST EFFECTIVE**

Receiving, storing and disposing of salvage creates work and expense for the Company, and should be avoided whenever possible. Instead, we should try to find a cost-effective way of disposing of salvage, which relieves us of the burden of having to take custody of it.

* **METHOD OF DISPOSAL**

Salvage can be disposed of only in the manner laid down in the salvage disposal guidelines.

* **Salvage Officer - CSM**

The relevant claims handler is also responsible for any salvage. When the Company takes custody of salvage, the claims handler is responsible for securing storage and prompt disposal of salvage, in accordance with the Company’s standard procedures.

* **DISPOSAL OF SALVAGE**

Each CSO will maintain a list of salvage buyers or online portal in their respective jurisdictions. Open Bids will be invited for sale of salvage as soon as it is established that the claim is going to be settled on Net of Salvage basis. Minimum 1 bid from online portal is required to finalise the highest bidder.

Claims handler responsible for salvage will maintain a complete record of all transactions related to sale of salvage.

Storage of salvage in offices of Magma HDI is strictly prohibited. Servicing Office should arrange for storage of salvage at safe location for which approval of Corporate Office is required.

Salvage is an area subjected to rigorous scrutiny in internal audits, and any non-compliance with the rules will not be tolerated.

In case of partial loss only when Body shell, full & half engines & Frames can fetch salvage value, the surveyor must try to ensure (as the case may be) that a fair value is deducted from the settlement

* **Salvage and Recovery**

In the event of any matter arising out of Subrogation, and leading to salvage and Recovery, the same needs to be referred to HO for advices.

## Claims Processing

* The Claims team has to ensure complete control on all Claims at all points of time. Prompt and Fair action has to be ensured at all stages of handling of a Claim:
* The Claims team will adopt a proactive approach in coordinating and attending meetings with Surveyors / Insured/Underwriters / Intermediaries
* All Clarifications/documents that may be required from the Intermediary or the Client has to be called for at one go as far as possible.
* All relevant Information will be sought and stored and there will be no shying away from asking the obvious.
* All stake holders should be informed if need be of Pain areas.
* The settlement offered has to be clearly explained to the Client
* The Claims team has to ensure complete control on all Claims at all points of time.
* Underwriters will also be informed on all Major Claims and Major Clients at regular interval and also on all significant developments immediately.
* Co-ordinate and attend meetings with Surveyors /Insured/Underwriters/Intermediaries.
* Follow up with the surveyors for early submission of the Final report, with the insured for submission of documentation based on the initial ‘Letter of Requirements’ sent, and coordination between the insured and surveyor to intervene and resolve any bottlenecks needs to be done proactively.
* Insured to be advised on loss minimization measures wherever such possibilities exist. Similarly the underwriters to be alerted in case, the claims of an insured is following a set pattern or having a high frequency of claims etc. and red flags raised as a warning to take remedial action, if necessary.
* All Clarifications/documents that may be required from the Intermediary or the insured has to be called for at one shot as far as possible.
* Never shy from asking the obvious.
* The Settlement offered has to be clearly explained to the insured and it is expected that all issues would be ironed out and the insured’s are not surprised at the time of offer. At time of settlement in case of any deviation from the insured’s claim bill a communication giving the final assessment and seeking their consent can be sent out.
* All survey fees to be settled at the time of settlement of the claim but in no case should be open at the time of indemnity settlement except under exceptional circumstance.
* Below Survey Fee Schedule needs to be followed.

|  |  |
| --- | --- |
| Gross  Assessed   Loss (Rs.) | Professional Fees (Rs.) |
| Upto 20,000 | 900 |
| 20,001 to 50, 000 | 1400 |
| 50, 001 to 1, 00, 000 | 1700 |
| 1, 00, 001 to 2, 00, 000 | 2500 |
| 2, 00, 001 to 5,00,000 | 4000 |
| Above 5,00,000 to 10,00,000 | 5000 |
| Above 10,00,000 | 7000 |
|  |  |
| Spot/RI survey fees up to 80 kms | 900 |
| Spot/RI survey fees over 80 kms | 1200 |
| Out station survey involving overnight stay away from normal place of work | Fees calculated at 150% of the amount determined as above |

* Survey fees for miscellaneous type of vehicles like Cranes, Dumpers, Excavators, Road Rollers etc. shall be as per Fire & Engineering schedule.
* Investigation fees for document verification & others will be maximum Rs 1000/- plus out of pocket expenses & shall depend upon nature of job.

## Withdrawal of Claim

* In case the insured wishes to withdraw the claim, CSM is required to get recorded communication from the insured in the form of either a withdrawal letter or E-mail or SMS from Insured. SMS would be accepted only when sent from the insured’s registered mobile number. For cases where the insured is not able to provide withdrawal letter or E-mail or SMS, CSM on confirmation from insured telephonically can initiate withdrawal request.
* On receipt of communication from the insured, CSM raises request in MaGIC for Withdrawal.
* SMS goes to Insured.
* Letter to customer confirming withdrawal is triggered by the system.

## No Claim

Non Submission of Documents:

* CSM sends at least 2 reminder letters for documents pending before closure letter is sent to the insured. TAT for the letters is as mentioned below

1. First Letter within 7 Days from the Date of Intimation.
2. 2nd Letter after 7 Days from the Date of first reminder.

* In case no response is received within 15 days from the 2nd reminder letter, CSM raises request of closure in MaGIC.

Timeline for sending letter in case of Theft Claims shall be as follows:

First Letter within 7 Days from the date of Intimation

2nd Letter within 30 Days from the date of first reminder

3rd Letter within 30 days from the date of second reminder.

Being high value claims, utmost caution to be taken before closing Theft Claims.

Repudiation needs to be initiated in cases where either such document/s does not exist and / or submission of such document/s will render the claim as inadmissible under Policy.

Vehicle Not Reported:

* CSM sends the first reminder letter to insured within 7 days from date of intimation.
* In case no response is received from the insured in spite of 2 further reminders, CSM initiates closure of the claim in MaGIC.

Duplicate Claims:

* CSM initiates closure of duplicate claim & records other claim no in MaGIC.

## Repudiation

Inappropriate repudiation of a claim has the potential to give our company bad publicity and hence, requires exercise of abundant caution. Rejecting a claim has serious financial consequences for the customer, so great care must be taken to ensure that we would be able to sustain our burden of proof even for the smallest of claims under the terms and conditions of the policy and have been fair and reasonable to the Insured during the entire process.

Such instances arise when there is

* Evidence of non-compliance of 6P check
* No liability arising out of application of General or specific exclusions/exceptions/breach of conditions and/or warranties of the insurance policy
* Arising out of frauds or involving moral turpitude

The following guideline shall be strictly adhered to while handling Repudiation claims:

* View of Surveyors/Loss Adjusters must be obtained. In case of losses > 10 Lacs, legal opinion must be obtained on each & every claim.
* If an investigation was launched in the case, the repudiation should not be based on the contents of the investigation report alone. Documentary evidence rather than circumstantial evidence should be relied upon.

One final reminder letter is sent to insured before the repudiation letter is sent indicating that the Insured may provide any additional information for reconsideration “provided repudiation is to be done without having concrete document and we are unable to conclude liability/assessment/admission basis the present documents”, wherever there is fundamental breach of policy terms & conditions repudiation can be initiated directly without asking for any further clarification from Insured.

* Claims would be repudiated with the approval of Sr TCT only up to his delegated financial authority only, beyond which the same shall be referred to NM/CTO for approval.
* Nevertheless, prior to initiating the process of repudiation, the principle of “If in doubt, pay the claim” should be complied with

The repudiation letter must and should clearly state the chronology of claim handling and reasons for the repudiation.

Repudiation letters must be sent only by / Courier or by Registered Post with acknowledgement due

The Time lines for sending the repudiation letter will be 15 days from the receipt of the survey report or the last document.

# Other Claims Guidelines

## Reserve Revision

* Claim reserves reflect the financial health of the Company. Reserve monitoring is an important claim objective and reserves should be increased or decreased based on available information. There should be at least one visit to the reserving activity on every claim remaining outstanding in the month, for claims pertaining to Total theft/Total Loss and Major Claims where the Assessed Liability is > than Rs. 500,000/-
* Reserve revision is responsibility of claims team basis various factors available to revise reserves such as intimation details, loss details, photographs, preliminary reports, discussions with surveyors..etc. to ensure that all claims are adequately reserved basis the information available at any given point of time.

## General Guidelines for Settlement of Claims

The Claims team has to ensure complete control on all Claims at all points of time. Prompt and Fair action has to be ensured at all stages of handling of a Claim:

* The Claims team will adopt a proactive approach in coordinating and attending meetings with Surveyors / Insured/Underwriters / Intermediaries
* All Clarifications/documents that may be required from the Intermediary or the Client has to be called for at one go.
* All relevant Information will be sought and stored and there will be no shying away from asking the obvious.
* All stake holders should be informed if need be of Pain areas.
* The settlement offered has to be clearly explained to the Client

# Compromised Claims

During processing of claims we come across cases where we find that the claims cannot be treated as standard. Some examples of such reasons are:

1. Breach of Policy condition(s)/ warranty(ies)
2. Non compliance of tariff provisions;
3. Charging of incorrect premium on account of either misrepresentations or mis-declaration or non-disclosure by the insured;
4. Jeopardized rights of recovery from third parties, especially for Theft Claims.

The above list is not exhaustive and there may be various other reasons as well. Where the breach, non-compliance, misrepresentation or lapse of any kind is such that technically we can repudiate liability but on the merits of the case we are of the view that the claim should be considered, the case may be disposed off on the following basis:

* Where the breach, non-compliance, misrepresentation or lapse of any kind is not material to the loss, settlement may be considered after rectification of the policy. Whilst additional premium for rectification policy will no doubt be collected wherever required, deduction of any further amount from the assessed claim will be as per internal instructions as advised by the HO.
* Where the breach, non-compliance, misrepresentation or lapse of any kind is material to the loss, settlement on a non standard basis may be considered. For Jeopardized recovery rights, an appropriate amount representing the possible recovery – had the recovery rights been protected- may be deducted from the assessed claim.

# Exceptional Claim Payment process

In below scenarios exceptional payments can be done apart from normal payment process:

* 1. **“On Account” Payments**

Pending final assessment of a claim an ‘on account’ payment may be considered subject to confirmation of the following:

* Loss due to occurrence of a peril covered by the policy
* Establishment of liability and Surveyors Interim Report & recommendation
* Requests for interim On Account payments are to be entertained based on Insured’s request only when the Approving Authority is satisfied that it warrants on account payment, but in routine claims the same needs to be discouraged.
* An on account payment up to a maximum of 75 % of the minimum assessed net liability can be paid on a case to case basis.
  1. **Exception Claims**

There are certain situations, where given the available information, a claim may look to be falling outside the scope of the contract and is repudiated. However, later on, there is representation made by the customer or by the sourcing channel which has an impact on the interpretation by the Claims Team. If it is found that there is an element of grey in interpreting the situation and customer can be entitled for benefit of doubt. Then in such cases, Senior Management Team shall be consulted before finally arriving at the decision and their decision would be implemented

# Claim Review

* 1. **Review**
* Periodic review of each and every claim has to be carried out with specific emphasis on complicated and major outstanding claims.
* High value claims > Rs. 10,00,000 need to have special attention and to be reviewed on monthly basis depending on the situation.
* Similarly, for old claims regardless of value need intense monitoring to ensure that they are followed up and closed at the first opportunity.
* Claim Review for all claims above 30 days to be completed by Branch Claims Team. All Claims above 60 days needs to be reviewed by ZCH. All claims above 90 days needs to be reviewed by TCT. All Claims above 150 days needs to be reviewed by Sr TCT & all claims above 180 Days shall be reviewed by the NM. Review remark needs to be captured in Claims Diary.
* Review of the operations to encompass the following areas:
  + Adequacy of reserve
  + Assessment of the process of claims service
  + Claims under litigation/arbitration.
  + Progress on recoveries, if any.
  1. **Follow Up**
* Automated Follow Up for submission of ILA & FLA in incorporated in MaGIC.

Request for Preliminary Report Submission is sent to surveyor for every claim on Intimation +10 Days, 12 Days & 14 Days.

Similarly, request for Final Report Submission is sent to surveyor for every claim on Intimation +24 Days, 26 Days & 28 Days.

* Automated Follow Up for submission pending documents to Customer on +7 Days & +14 Days for first requirement

First Letter of Requirement to be generated by CSM not later than 7 days of claim intimation.

MaGIC will generate auto 2nd reminder mailer & SMS after 7 days of 1st reminder. Reminder would include list of not received documents as on that date.

MaGIC will generate auto 3rd reminder mailer & SMS after 7 days of 2nd reminder. Reminder would include list of not received documents as on that date.

# Approval Authority Matrix

* 1. **Reserve & Financial Approval Authority Matrix**

|  |  |  |
| --- | --- | --- |
| **Role** | **Reserve** | **Financial** |
| CSM | 50,000 | - |
| ZCH | 500,000 | 100,000 |
| TCT | 750,000 | 200,000 |
| Sr TCT | 1,000,000 | 750,000 |
| NM | 1,500,000 | 1,000,000 |
| CTO | 2,500,000 | 2,000,000 |
| CEO | 10,000,000 | 10,000,000 |
| CLAIMS COMMITTEE | >10,000,000 | >10,000,000 |

* 1. **Other Approval Authority Matrix**

|  |  |
| --- | --- |
| **Approval Type** | **Approval Authority** |
| Fraud Risk – Low | ZCH |
| Spot Survey Waiver | ZCH |
| Expense Payment Approval | ZCH |
| Fraud Risk – Medium | TCT |
| Assessment > 50% of IDV | TCT |
| Total Loss/ NOS/ Theft Approval | TCT |
| Fraud Risk – High | Sr TCT |
| Repudiation upto 1 Lac | Sr TCT |
| Payment Mode Approval | NM |
| Revised Payee Approval | NM |
| Repudiation (1 Lac to 10 Lacs) | NM |
| Repudiation > 10 Lacs | CTO & LEGAL |

* 1. **Reopen Approval**

|  |
| --- |
| Reopening can be done on Paid, Closed and Repudiated claims.  Where claim has been closed due to non-submission of documents and / or non-completion of repairs, request letter from Insured is required for re-opening explaining reasons for the earlier non-compliance.  Claim may be re-opened upon receipt of representation from Insured regarding re-consideration of repudiated claim or claim settled for lower amount.  Claim may be re-opened following Order from judicial authority for payment including additional payment.  Reopening of paid, closed or repudiated claim shall be allowed only by NM after duly satisfying itself of the merits of the case.  All reopening requests to be forwarded to NM by the ZCH with proper clarification which will be duly verified by the NM & decision will be taken accordingly. Post reopening of the file it shall follow the same financial authority matrix as detailed above. |
| Communication Log Communications are sent to Customers as well as other stake holders during claims lifecycle which are recorded in Communication Log of MaGIC.  Customers are updated of their Claim Status at each stage of claim processing by SMS.  Claim Intimation  Dear <Insured Name > we have registered your claim No.C1214101100000 for your Policy No. P0000000000/4101/000000 . Have a query? Call 900000000 (your claim officer) or 18002663202 (24\*7 Toll Free). Here are the links for Instant Claims: Google Play: <https://play.google.com/store/apps/details?id=com.magmahdi.preinspection> iTunes: <https://apps.apple.com/in/app/magma-hdi-isurvey-application/id1442200470>  Surveyor Allocation  Dear, <Insured Name >, we have assigned < Surveyor Name > (Contact No. 9090909090 ) against your Claim No. C1204101100000 for inspection.Have a query? Call us on 18002663202 (24\*7 Toll Free).  Document Requirement:  Dear <Insured Name >, please refer the attached letter, and submit the required documents needed to process your claim smoothly.https://magic.magmahdi.com/GCClaimDigitalPortal/PdfGenerator/GetPendingDocuments?ReferenceId=12141011003837 Have a query? Call us on 18002663202 (24\*7 Toll Free).  Claim Approval:  Dear <Insured Name >, Your C1204101100000 against Vehicle No MH18BC0000 is approved for Rs 00000.Payment Details follows shortly.  Payment Disbursement:  Dear <Insured Name >,We have good news! Payment of INR 000000 against your claim C1204101100000 has been released in favor of <Insured Name > vide UTR No. AXISCN0000000000 on 02/07/2020. Click here to download the break-up of the amount disbursed. Please click here to download break up of the amount disbursed. <https://magic.magmahdi.com/GCClaimDigitalPortal/PdfGenerator/GetAssementSheet?ReferenceId=12041011016314>. Have a query? Call us on 1800 266 3202 (24\*7 Toll Free).  Claims stagewise information are shared with intermediaries through direct webservice integration or otherwise so that the intermediaries can give prompt advice to the client of any requirements concerning the claim & give all reasonable assistance to the client in pursuing their claim. |

# Grievance Redressal Mechanism – Service Related

It is likely that the Insured/Claimant may re-present his/her case to us with additional information or make a plea for us to re-consider the claim favorably or inform us of a prospective legal action. We are open to re-consideration of a paid, closed or repudiated claim subject to sufficient evidence from the Insured.

The following process is to be adhered to:

* On receipt of such a communication from the Insured/claimant the file is to be reviewed at the claim handling office.
* If any additional information is to be perused and considered by the Surveyors/Loss Adjusters the same must be sent to them for their perusal and re-assessment obtained.
* Legal opinion is to be obtained wherever necessary on the strengths of our stance taken and whether the same can be defended in a court of law
* File would be sent to HO for review & final decision by the NM.
* Our reply letter must and should clearly state the reasons why we are unable to re-consider the claim favorably
* In cases of re-presentation the matter is to be attended on top priority and our reply to the Insured/Claimant must be sent immediately after the final decision of review is complete. In all the process should not take more than 15 working days from the time of receipt of communication from the aggrieved party

Grievance related to service shall be handled at the Branch Level with HO in loop.

On receipt of any Customer Complaint be it from Intermediary or Client, immediately notify the HO. We capture the complaint and jointly formulate an immediate response to the complainant. Pending our response, we immediately acknowledge the receipt of the letter and arrange for a resolution. The resolution should be provided within 7 working days.

SOP of Grievance Redressal would be overriding on all the above.



# Litigation

All claims which go into litigation should be reopened & provisioned as soon as the complaint is reported to Magma HDI vide summons, notice from the court, information from the insured, or court website.

All such claims shall be reserved at **85% of the Own Damage Assessed Amount**. In case **no assessment** is done during OD Claim processing (Includes Theft & Personal Accident Claims), **85% of default reserve should be accounted for reserving purpose.**

The % for reserving purpose shall be deliberated upon and reviewed by Committee consisting of Head – Motor OD Claims, Head – Motor TP Claims. Post deliberation, revision in % if warranted, shall be finally approved by the CTO.

# Review Process

This process is for conducting Motor Claims (own damage) Review for the closed and open claims of the operating branches, so as to control the quality of claims on various parameters, standardize the claim processes and also to help in finding leakages in claims for loss control and to take further steps to control the leakages.

## Why Review

The objective for any claim-paying organization is to strike the right balance in making good on the promise made by the coverage that was sold: Indemnify and make the loss good as quickly and efficiently as possible as per the terms and conditions of policy. Conducting closed-file reviews will be of limited use unless the findings are fed back into the process improvement and employee development process. There is no better place to uncover trends and tendencies, than with an effective closed-file review. Results of the review can go down to the adjuster level and identify specific needs, while trends can be identified that lead to overall changes in process, increased technological support and training

Systems are as designed or not, whether they are working as planned or not, problems faced if any and cause of concerns

The review process, often taking the form of a closed file review, is critical to achieving high performance levels, which is the way forward for moving to a more systematic and continuous approach rather than a point in time

Successful review programs don't just check the file back to time-in-process metrics. Rather, they evaluate the final outcome relative to indemnity payout and loss expense management. In other words, it's important to remember that a file can be handled within all the specified parameters based on time-in-process metrics, but the quality inside the file and the indemnity and expense outcomes may be substandard. Coverage could have been blown or reserves not developed timely or accurately. Outside vendors could have been mishandled. The list goes on. So while review should focus on items that are readily able to be tracked, the review process make sure to dive fully into the files to determine whether losses are being handled effectively and that money is not going out, i.e. leakages, unnecessarily

## Whom to Review

All the CSOs handling Motor (Own Damage) Claims, including HO for timelines to cross check whether approvals are going in time and other things are monitored properly or not.

## Review Process

The review process can be done as per:

## Closed File Review (CFR)

Frequency of Review – Quarterly

Sample Size - 5% of closed claims as below

Criteria for Sampling - total loss / Cash loss/ Theft Claims

* Close proximity claims
* Small Size claims
* Claims reported in last 7 days of

Policy Period

* Claims handled by external surveyor
* Random pick up

The files can be reviewed on the parameters as per Annexure-1 enclosed herewith –



## Process Owner

The owner of this process will be the NM. While the sample selection will be the direct responsibility of the NM, the process shall be done by Closed File Review Team. Review of the outcome & further action shall be the discretion of the NM.

# TAT’s, SLA’s & Escalation Matrix

## Service Standards – General

|  |  |
| --- | --- |
| **PROCESSING** | |
| **ACTION** | **STANDARD** |
| **Reserve Creation** | System Driven, instantly created on intimation |
| **Survey Appointment** | Surveyor appointed instantly on real time basis workshop & loss location mapping. |
| **Preliminary Survey Report** | TAT - 48 hrs. from inspection |
| **Major Loss Update** | System driven, as soon as ILA is updated in MaGIC. |
| **Periodic update from surveyor** | Every fortnight. |
| **Final Processing** | Within 7 working days from date of receipt of final documents/ clarifications. |
| **Subrogation** | Initiate immediate action, where necessary. |
| **Response to Corporate Communications** | TAT – 24 hrs. |

## Service Standards to Policyholders

|  |  |
| --- | --- |
| **COMMUNICATIONS** | |
| **ACTION** | **STANDARD** |
| **Telephone Calls** | TAT – 24 hrs.  Telephone calls on query should be returned as soon as possible but in no case beyond one working day |
| **Faxes and E-Mail** | TAT – 24 hrs.  Respond within two working days or earlier if the matter is urgent |
| **Letters** | TAT – 48 hrs.  Respond within two working days or earlier if the matter is urgent |
| **PROCESSING** | |
| **Survey Appointment** | Surveyor appointed instantly on real time basis workshop & loss location mapping. |
| **Final Processing** | Approval of claims within 7 working days from date of receipt of final documents/ Survey Report/ clarifications. |

**Escalation Matrix:**

**First Level Escalation – ZCH**

**Second Level Escalation – Sr TCT**

**Final Escalation – National Manager Motor OD Claims**

# Vendor Empanelment & Performance Management

* 1. **Empanelment of Cashless Workshop**

Following Documents need to be collected for empanelment of cashless workshop alongwith attached Consent Letter



Copy of PAN Card, GSTN Certificate, Certificate of Incorporation, Address proof, Cancelled Cheque

* 1. **Empanelment of Preferred Workshop**

Following Documents need to be collected for empanelment of preferred workshop alongwith attached MOU on a Rs 100 Stamp Paper.



**Process:**

* CSM raises request for garage creation in MaGIC.
* Request goes for approval to the ZCH of the garage location.
* Approver does the QC and if okay approves the request.
* On approval from the approver, the request is sent to the queue of HO which checks the Bank & Tax Detail.
* Post approval from HO, it goes to the NM Bukcet.
* Once approved by NM, it goes to HOF for Workshop ID creation.
* HOF creates Workshop ID & the Workshop is empanelled.
  1. **Empanelment of External Surveyor**

Following Documents need to be collected for empanelment of External Surveyor.

Valid Surveyor Licence, Valid IIISLA Membership, Resume, PAN, Address Proof, Cancelled Cheque, GSTN Certificate (If Any).

**Process:**

* CSM raises request for garage creation in MaGIC.
* Request goes for approval to the ZCH of the External Surveyor location.
* Approver does the QC and if okay approves the request.
* On approval from the approver, the request is sent to the queue of IFCU which does background verification of the vendor.
* Once approved by IFCU, it goes to HOF for Vendor ID creation post verification of Bank Details & Tax details furnished.
* HOF creates Vendor ID & the Vendor is empanelled.

**Workshop & External Surveyor Performance Review:**

Performance is reviewed quarterly for optimal claim cost, turn around time and customer satisfaction by HO. If performance is not satisfactory, CSO is informed of the same, which is communicated to the vendors.

* Network Management Team extracts the quarterly MIS from the system. The MIS includes all the parameters to be tracked.
* Network Management team publishes zone wise score card of all surveyors & workshops with the respective ZCH.
* Network Management team conducts quarterly review meeting with the respective ZCH as part of the vendor management process.
* Basis the zone wise scorecard of all surveyors & workshops, Network Management team discusses corrective actions with the respective ZCH.
* Basis the discussion with ZCH, Network Management team checks if there a requirement to de-empanel any external surveyors or workshops & action taken accordingly.

# File Management

Motor Own Damage claim is paperless w.e.f. 1st April 2020.

* The Claim Servicing Office will receive the documents as required for the type of claim.
* Each and every claim document will be scanned and maintained in Electronic Format.
* Any stakeholder can access the claim documents through MaGIC.
* Record of every theft claim shall be maintained physically in respective claim files.
* The physical completed files for paid claims shall be archived with approved vendors in regular intervals at Head Office in regular intervals but not beyond six monthly period.
* Access to such claim files (physical or electronic) and records shall be provided to the Authority for both offsite and onsite inspection.
* The Record maintained in such claim file shall be complete and accurate.
* Original Repair Bills must be stored in a Box file at branches for GST Audit purpose & should be periodically archived. Every such box file should be numbered & an excel should be maintained at branch which should have claim nos in that particular box file.
* Other than above, remaining claims related documents will be stored at the location till the complete processing of the claim. The file may be referred for any documents till the time, it is not scanned and maintained in electronic form.

While there is no requirement of creating physical file for Own Damage claims considering all documents will be duly uploaded in MaGIC, physical file needs to be created for all Theft Claims. All theft claim files needs to be sent to HO within 3 months of settlement. This is to ensure that the settlement is not delayed due to physical movement of files & also collection of any document like NOC/ Form 35 subject to which claim is settled. This needs to be ensured that all documents are there in file including originals & NOC/ Form 35 while sending the file to HO for archival. Document checklist should be placed on the top of the file & the same needs to be signed by the sender.

All these files need to be checked at HO by Sr TCT & document checklist needs to be countersigned by him/ her. Accordingly these files need to be centrally archived.



# Fraud Management

* 1. **Automated Triggers for Fraud Identification**

|  |  |  |
| --- | --- | --- |
| **Risk Trigger Name** | **Description** | **Risk Weights** |
| Driving License Type is for Two Wheeler and claim is for commercial vehicles | Driving License Type is for Two Wheeler and claim is for commercial vehicles | HIGH |
| Driving License Parameters: 1. First two digits of the driving license number not alphabetical 2. 5th to 8th digit of the driving license number greater than current year 3. License number more than 15 digits 4. 5th to 8th digit of the driving license number less than current year by 26 or more | Driving License Parameters: 1. First two digits of the driving license number not alphabetical 2. 5th to 8th digit of the driving license number greater than current year 3. License number more than 15 digits 4. 5th to 8th digit of the driving license number less than current year by 26 or more | MEDIUM |
| Pin code of the loss location is different from the FIR pin code | Pin code of the loss location is different from the FIR pin code | LOW |
| Claim reported in first seven days of the policy start date/ issue date | Claim reported in first seven days of the policy start date/ issue date | HIGH |
| Claim reported in eight - fifteen days of the policy start date/ issue date | Claim reported in eight - fifteen days of the policy start date/ issue date | MEDIUM |
| Claim intimation seven days - fifteen days after loss date | Claim intimation seven days - fifteen days after loss date | LOW |
| Claim intimation sixteen days - thirty days after loss date | Claim intimation sixteen days - thirty days after loss date | MEDIUM |
| Claim intimation more than thirty after loss date | Claim intimation more than thirty after loss date | HIGH |
| Time of loss/ accident between 12 AM & 5 AM | Time of loss/ accident between 12 AM & 5 AM | HIGH |
| Claims more than 20k with only labour charges | Claims more than 20k with only labour charges | MEDIUM |
| Current IDV higher than 25% of previous IDV and claims for Total Loss / Theft | Current IDV higher than 25% of previous IDV and claims for Total Loss / Theft | HIGH |
| Commercial Vehicle: Accident/ Theft in remote locations and vehicles without cargo | Commercial Vehicle: Accident/ Theft in remote locations and vehicles without cargo | HIGH |
| Theft/ Fire/ Total loss claim of High IDV cases (IDV more than 1,50,000) (Obsolete sub-set) | Theft/ Fire/ Total loss claim of High IDV cases (IDV more than 1,50,000) (Obsolete sub-set) | MEDIUM |
| 2 or more claims reported during the annual policy periodSub-set : Two claims made on the same policy no. with loss date differential less than 30 days wherein the previous claims are closed / repudiated | 2 or more claims reported during the annual policy periodSub-set : Two claims made on the same policy no. with loss date differential less than 30 days wherein the previous claims are closed / repudiated | HIGH |
| Difference between FIR date AND loss date more than five days | Difference between FIR date AND loss date more than five days | MEDIUM |
| Reimbursement claims from a local workshop of more than 25,000 | Reimbursement claims from a local workshop of more than 25,000 | MEDIUM |
| Commercial vehicle: Pin code of accident same as policy issued pin code | Commercial vehicle: Pin code of accident same as policy issued pin code | HIGH |
| Claims amount 1lac AND above, and difference between date of intimation and bill receipt date (i) Less than or equal to 5 days or (ii) More than or equal to 45 days | Claims amount 1lac AND above, and difference between date of intimation and bill receipt date (i) Less than or equal to 5 days or (ii) More than or equal to 45 days | HIGH |
| Break-in Insurance cases where claims are intimated in 16-45 days from Policy Issue Date | Break-in Insurance cases where claims are intimated in 16-45 days from Policy Issue Date | MEDIUM |
| Claims made on 31st December AND 1st Jan | Claims made on 31st December AND 1st Jan | MEDIUM |
| Intimation date after policy end date | Intimation date after policy end date | LOW |
| NCB not confirmed | NCB not confirmed | HIGH |
| Policy endorsed (Financial Endorsement), Claim in 15 days from Endorsement | Policy endorsed (Financial Endorsement), Claim in 15 days from Endorsement | HIGH |
| Theft / Fire/ Total loss claim in case of roll over cases | Theft / Fire/ Total loss claim in case of roll over cases | HIGH |
| Theft / Fire/ Total loss claim in case where previous policy details not available | Theft / Fire/ Total loss claim in case where previous policy details not available | HIGH |
| Theft/ Fire cases of obsolete model | Theft/ Fire cases of obsolete model | MEDIUM |
| Policy renewed with NCB | Policy renewed with NCB | HIGH |

These Fraud Triggers will be reviewed on a yearly basis or on adhoc basis & based on the trend observed NM may decide to remove or incorporate the fraud triggers as deemed fit.

All Fraud Triggers would be approved by respective authority as detailed in the approval matrix above based on the Risk Weights.

# Personal Accident Claims

Personal Accident claim is due to Death or Disablement of Insured being the owner/driver. Liability shall arise only if such incident had occurred during the course of usage of the insured vehicle.

For admissibility of Personal Accident claim it is mandatory that the Owner Driver is permanently disabled or dead during the course of usage of insured vehicle only. However, in case of Standalone Compulsory Personal Accident cover Death or Permanent Disability arising out of usage of any vehicle owned by the Owner Driver shall be covered.

Documents required are:

* Death/Injury Certificate of owner-driver.
* Post Mortem Report of owner-driver for death claims.
* Claim Form duly completed by claimant.
* Photo Identity proof of nominee who is the payee.
* Indemnity
* Affidavit/ Legal Heir Certificate
* Ration Card
* FIR
* Body Disposal Certificate, if available.

**SIPOC for the process :**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Supplier** | **Input** | **Process** | **Output** | **Customer** |
| Insured or Insured Representative/ Intermediary/ Workshop | FNOL | 1. Receipt of claim intimation. 2. Appointment of Loss Assessor/Investigator: 3. Receipt of Immediate Loss Advise /Preliminary Survey Report from surveyor 4. Follow up with insured /Surveyor / Investigator for reinstatement / repair/ restoration & submission of documents Final Survey Report as applicable 5. Receipt of final survey report & claims processing 6. Approval/rejection & dispatch of claims instrument to insured | Claims Paid  ClaimsUnpaid -Repudiation, Closure on grounds of Non Submission of documents,  -NO Claim | Insured |

**Risk and Mitigation identified in the process :**

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| --- | --- | --- | --- |
| **S.no** | **Risk Identified** | **Risk Type** | **Mitigation Plan** |
| 1 | Lack of a standard procedure for considering theft claims on non-standard/ substandard basis and settlement of claims at a reduced IDV, leading to violation of GR 8 of IMT, 2002 | Process Risk  Compliance Risk | All Non Standard settlement is approved at HO after checking all aspects |
|  | Appointment of surveyors who did not have license for claims exceeding limit prescribed in the regulations leading to levy of penalty by regulator. | Compliance Risk Process Risk | 64UM is checked for all claims exceeding 50K which is specified in SOP System validates effectiveness of surveyor licence at the time of final report submission. If the licence category is not valid for assessed amount, system would ask reappointment of eligible surveyor. |
|  | Delay in appointment of surveyor beyond 72 hours from date of intimation | Compliance Risk Process Risk | Post intimation, the magic automatically appoints the internal surveyor based on the location. The Internal Surveyor can re-assign the case to External Surveyor on case to case basis. System validates the Intimation Date to Surveyor Appointment Date. In case it crosses 72 Hrs., system does not allow to proceed without recording reason. |
|  | Failure to cancel motor policies in Genesis post settlement of theft claims leading to fraudulent claims | Process Risk Fraud Risk | System validation is already there to ensure cancellation of policies in case of Theft claims to avoid any fraud. |
|  | Inappropriate claims management practice - inaccuracy, delay in claims intimation recording, settlement of outstanding claims etc. leading to operational inefficiencies and negative impact on reputation | Process Risk Reputational Risk Compliance Risk | Structured Review Process is in place to ensure no delay or inaccuracy in claim processing. There are defined TAT for claims settlement at each stage.All PHPC timeline related validations are put in system, system does not allow to proceed without recording reason.  **For submission of Final Survey Report:** Spot and Re-inspection survey report will be submitted within 3 working days of completion of inspection and receipt of required documents. Final Surveyor shall communicate his findings within 30 days of his appointment to the insurer. In case of exceptional scenarios, either due to its special and complicated nature of the case, status Report will be submitted clarifying reasons for the delay and mentioning inter alia the expected quantum of liability of the insurer and the same is documented in the SOP clause no. 5.7 |
|  | Regulatory non compliance - wrt claims processing, AML norms, etc. | Compliance Risk | The system does not allow processing of any claims in excess of Rs 1 lac without completion of KYC details. |
|  | Inappropriate payments made to claims surveyors or Vendor payment not confirming to the agreed claims budget, Contractual terms- Expense over payments | Process Risk Fraud Risk | Payment is made with support of invoices. All payments made to the surveyor/Investigator/Advocate is as per the schedule mentioned in Internal claims manual |
|  | Failure to focus on and manage customer service /complaints effectively leading to customer dissatisfaction | Process Risk Reputational Risk | Customer complaints are recorded at dedicated call center / letters/IGMS which gets tracked and resolved within the IRDAI defined TAT and as per company's guidelines to ensure customer satisfaction |
|  | Improper filing and archival of important documentation | Process Risk | As per the earlier process, all Files are periodically dispatched by branch to zones for archival which is subsequently send by zones to the archival vendor. For all theft claims, HO is responsible to archieve the files  From 1st April 2019, All OD claim will be processed through I Survey (Insta Survey) mobile app. All the documents and photos will be uploaded real time in Magic DMS. |
|  | Inappropriate assessment of claims | Process Risk | Claims assessment Is as per the defined authority limits. There is a QC mechanism to ensure that all parameters are being verified at claims assessment stage. Further default reserves are timely updated as per the company's Claims Guidelines |
|  | Inadequate empanelment of surveyor/workshop/garage for handling claims | Process Risk | As per the process, ZBO collects all the document from the surveyor and upload the same in Magic. Post creation of Vendor It goes for ZCH approval.Based on his review, ZCH will approve or reject the request. Post ZCH approval it goes to IFCU and HOF for Final Approval. Post all approval a Vendor Tag is created. Appropriate Surveyors are adequately empanelled post due-diligence and document collection as prescribed by ZO to avoid operational risk The Surveyor’s Empanelment to Monitoring to De-Empanelment is tracked/monitored in Magic. |
|  | Absence of measures to identify fraudulent practices adopted by claim surveyors | Process Risk Fraud Risk | All claims processed by surveyors are reviewed by CSM |
|  | Failure to monitor vendor performance (including surveyor) periodically leading to operational inefficiencies | Process Risk Fraud Risk | Quarterly Review mechanism with ZCHs are designed. MIS is shared by the HO with all the team members along with ZCH in order to check the performance of the external surveyor. |
|  | Failure to identify particular fraudulent trend/behavior from specific clients/surveyors/geographies/channels/branches etc. | Process Risk Fraud Risk | Early trends are identified based on data analysis done on a monthly basis which is then validated by Closed File Review team. Once validated, it is then taken up with respective team for furter action. Further we actively engage with U/w team for portfolio behaviour analysis. |
|  | Risk of inflated invoices being submitted by Garages. This may lead to financial loss to the company on account of increased claim payouts. | Process Risk Fraud Risk | Every bill has signoff from surveyor. Surveyor ensures that all the bills are appropriate |
|  | Absence of defined claims authority matrix leading to unauthorized claims processing | Process Risk | Claims authority matrix is defined in Magic system. The same is in line with the authority matrix as given in claims SOP. |
|  | Approval not triggered to Head Office Claims team (HO) for Close Proximity Claims | Process Risk | The system validations are built in system for claims trigged within 7 days of policy issuance or last 15 days of the policy end date. The system validation are triggered to respective authority for further review. The concerned authority validates and approve the same. |
|  | Absence of robust framework for prevention & detection of claims fraud | Process Risk Reputational Risk | Automated Risk Triggers are built in system & based on severity of trigger it goes to different buckets |
|  | Absence of maker checker control to ensure correct updation of Bank/NEFT details for claims settlement leading to erroneous payments Cheque/ NEFT paid to incorrect recipient or paid without adequate | Process Risk Fraud Risk Financial Reporting Risk | Maker Checker process is incorporated in MaGIC for NEFT details. Now the CSM makes & (Sr TCT) Approver checks NEFT details for any given claim. In further automation, NEFT details would be captured by OCR thereby chances of manual error would be NIL.  Maker Checker process is introduced in MaGIC. Further, system validation is put in place by which one single account can't be used for multiple payees. |
|  | Absence of claims monitoring & review mechanism in terms of claims outstanding, adequacy of reserves/default reserve & reasons for pendency | Process Risk | Magic system facilitates review of claims through various reports & MIS including pendency reason, adequacy of reserves by zones/HO etc |
|  | Absence of robust salvage management process leading to fraudulent practices | Process Risk Financial Reporting Risk Fraud Risk | The salvage for motor are done at the zonal level. The Salvage management is done through online portal such as Cars 24 along with local vendors to ensure transparent and close bid process. Based on the bid received from all the vendors (including online), the team will sell the salvage to the higher bid. The updated process is recorded in the SOP appropriately. |
|  | Risk of incorrect claims repudiation leading to litigations | Process Risk | All repudiated claims are handled from HO. Adequate legal opinion is sought before repudiation for major claims |
|  | Absence of SOP or failure to update, in case of change in procedure and process | Process Risk | The SOP are updated by the team as and when there are any changes in the process. We have successfully rolled out the SOP on 1st June 2019 |
|  | Absence of measures to ensure appropriate training programme for new system to required stakeholders | Process Risk | Currently, any changes in the process are informed to the team via email communication. |
|  | Absence of mechanism to send SMS to our customers/client based on the new regulation | Process Risk | The system sends trigger message to the insurer informing him about the progress of the case. |
|  | Wrong/Incorrect Excess Fee lead to revenue loss | Process Risk | The Excess fee is calculated by the system automatically |
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**Compliance framework :**

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| --- | --- | --- | --- |
| **S.no** | **Regulatory Reference** | **Act Impacting** | **Compliance Status** |
|  | Whether such appointment of a surveyor for assessment of loss has been made within 72 hours from the time of occurrence of loss was known to the company. | IRDA (Insurance Surveyors and Loss Assessors) Regulations, 2015 | Complied |
|  | Whether the Surveyor submits his report to the company as expeditiously as possible, but not later than 30 days of his appointment | IRDA (Insurance Surveyors and Loss Assessors) Regulations, 2015 | Complied |
|  | Whether the surveyor or loss assessor appointed by company or insured, has submit his report to the company within 30 days of his appointment, with a copy of the report to the insured giving his comments on the insured’s consent or otherwise on the assessment of loss. | IRDA (Insurance Surveyors and Loss Assessors) Regulations, 2015 | Complied |
|  | Whether the surveyor issues the final survey report independently based on the available documents on record, giving minimum three reminders in writing to the insured where the Survey report is pending due to non completion of documents | IRDA (Insurance Surveyors and Loss Assessors) Regulations, 2015 | Complied |
|  | Where ever applicable, whether a surveyor has been appointed within 72 hours of the receipt of intimation from the insured for assessing a loss/claim | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | Whether the company within 7 days of the claim intimation, informs the insured / claimant of the essential documents and other requirements that the claimant has to submit in support of the claim | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | Whether the surveyor starts the survey immediately in any case within 48 hours of his appointment | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | Whether the Interim report is forwarded to the company within 15 days from the date of first visit of the surveyor and whether a copy of the interim report is being furnished by the company to the insured/claimant, if he so desires | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | Whether the surveyor submits his final report to the company within 30 days of his appointment to the company | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | Whether a company with in a period of 30 days of receipt of the final survey report or the additional survey report offers a settlement of the claim to the insured/claimant | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | When the company, for any reasons to be recorded in writing and communicated to the insured/claimant, decides to reject a claim under the policy, whether it is done within a period of 30 days from the receipt of the final survey report and/or additional information/documents or the additional survey report | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
|  | In the event the claim is not settled within 30 days whether the company has a system in place to pay interest at a rate, which is 2% above the bank rate from the date of receipt of last relevant and necessary document from the insured/claimant by company till the date of actual payment | IRDA (Protection of Policyholders' Interests) Regulation, 2017 | Complied |
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**Detailed Desk Instructions (With Screen shots) :**