**HERITAGE INSURANCE COMPANY**

**General Business System**

**Requirements & Specification Document**

By

Turnkey Africa Kenya Ltd

General Insurance System

# **DOCUMENT INFORMATION AND HISTORY**

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# **SCOPE**

* 1. **OBJECTIVE OF REQUIREMENTS PHASE**

This specification contains the software requirements for Heritage Insurance Company. The main objectives of the requirement specification phase are;

* Establish grounds for agreement between Heritage Insurance company and Turnkey Africa Limited as to what problem is to be solved by the software
* Define a baseline for the remaining technical activities, such as design, implementation, testing, and maintenance.
* Give a basis for traceability of the requirements through the life cycle.
* Provide a baseline that management can use in guiding the development process.
* Track and avoid loss of the requirements during implementation.
* Control Project Management.
* Facilitate effective communication among stakeholders of the system.
* Trace requirement evolution throughout the development and customization life cycle and into the maintenance phase.
* Reduce project cost overruns and schedule delays that are attributed to poorly identified or unidentified requirements.
* Detect requirement errors to avoid unnecessary cost associated with implementing the wrong requirements.
* Avoid scope creeps by providing a detailed listing of all requirements to be covered.

* 1. **PURPOSE OF THIS DOCUMENT**

This document contains the system requirements & specifications for the TurnQuest General Insurance System (TurnQuest GIS). It explains **WHAT** will be contained in the proposed system and the **HOW** the proposed system will achieve its functionality. The document outlines the following for the TurnQuest GIS System:

* The scope.
* The functionality to be incorporated.
* The work flow.
* Specifications to guide any changes.
* Establish a common understanding and reference document among the project stakeholders about the requirements that are addressed by the software.

* 1. **DOCUMENT USERS**

This document is intended for the audience of the management, steering committee and the technical committee of both Heritage Insurance Company and Turnkey Africa Limited

* 1. **THE TECHNICAL COMMITTEE**

The technical team comprises of both Heritage Insurance Company and Turnkey’s staff. The technical committee will oversee the development and implementation process of the system and will be responsible for setting out the deliverables and the delivery deadlines.

They include:

- Heritage Insurance Company IT

- Project Manager Turnkey Africa Limited

- Project Manager Heritage Insurance Company

- Heritage Insurance Company Super Users

# **Scope of the General Insurance System**

This document presents the detailed software requirements for the GIS software components. The scope includes the functional and performance requirements of the General Insurance Department system

* 1. **DEFINITIONS, ACRONYMS AND ABBREVIATIONS**

The following terms, as defined in this section, are commonly used throughout this document to describe the GIS parameters.

|  |  |
| --- | --- |
| Term | Meaning/Definition |
| GIS | General Insurance system. This refers to the insurance production system. It is one of the systems in the TurnQuest suite. |
| FMS | Financial Management System. This refers to the financial system in the TurnQuest suite. |
| CRM | Client relationship management. This refers to the client relations management system in the TurnQuest suite. |
| Proposer | The party that introduces business to the insurer on behalf of a client other than an intermediary. |
| Intermediary | Agency parties internal or external, acting as agents or business brokers for the insurance company. |
| Client | This is the company or individual requesting for cover for risks or responsible of several insured |
| Insured | The parties covered or owners of the risks depending on the type of cover. In cases where the clients seek cover for own property, the client then becomes the insured too. |
| Insurer | The Insurance company. |
| Class | General grouping or types of insurance cover provided in the marketplace and recognized by the insurance governing body in the country of incorporation of the company, and for purposes of reporting e.g., Motor, Fire, Marine, Accidents, etc. |
| Sub - Class | A subset of major classes of insurance e.g., Motor Private, Motor Commercial that belong to the Motor Class. The split is purely for the convenience of the underwriter, and reporting. |
| Product | A product can be made up of one or several sub - classes of business. Combined (multi - subclass) products allow lumping together several sub - classes that can be issued as a single product e.g., Office Combined. This allows the insurer to design insurance product that combine several sub classes while maintaining the peculiarities between every subclasses and allowing sub class level. |
| Product Groups | Products Groups provide a way of grouping products at the convenience of the insurer for reporting purposes. The product groups are tailored on classes except for the purposes of combined policies. |
| Base Currency | The default transacting currency for the company. |
| Sections | The elements of cover that are used to derive premium for the cover. These include the various sections of cover, riders, extensions that attract premium, loadings, discounts, earthquake etc. They may also indicate limits of cover, and thus extensions are availed to claims together with perils for purposes of claim reserving. |
| Excesses/Deductible | It is the portion of any claim that is not covered by the insurance provider and is required to be paid by the policy holder before the insurer processes the claim or can be deducted from the claim payable amount. It is normally quoted as a fixed/variable amount and is a part of most policies covering losses to the policy holder. |
| Perils | Potential loss - causing aspects that are insured against. E.g., Vehicle own damage riots & strikes, earthquake, vehicle Third party property damage etc. These will be given a value or be limitless. Some perils may be defined for any one event, any one person, etc. There will be perils that belong to cover by product, unless specifically removed. They will be available on claim inception. |
| Schedules | A listing of items covered (item description, cover limit) per risk, per policy. |
| Policy Document | A document to the insured from the insurer detailing the type of cover, the price, the extent and nature of cover, the period of cover and policy schedules. |
| Coinsurance | The division of a risk among several insurers and subsequent sharing of the losses on the same proportions. |
| Declaration Policy | Form of policy where insurance cover is provided on estimate basis and declarations are done by policyholders at regular intervals. |
| Gross Premium | This is the premium amount as charged to the client before addition of any policy extras and or taxes. The commission, reinsurance apportionment, and premium - based taxes will be calculated based on this amount. |
| Net Premium | Gross Premium plus taxes. |
| Transaction Types | The various unique transactions that may take place in the GIS system. This includes New business, revision of cover, declaration, cancellation, renewal, extension, contra, lapsation transactions and loading |
| Reinsurance | Where an insurer passes on part of the liability to another insurer (the reinsurer) in respect of claims arising. |
| Proportional Treaties | These are the treaties or agreements between the insurer and the reinsurers, where the reinsurer accepts an agreed share of the risks ceded, takes. the same proportional of the original premium less a reinsurance commission and pays that same share of any losses incurred. |
| Clean Cut Treaties | Treaties where portfolio transfers are done at the end of an underwriting year to new treaty arrangements with the same or different reinsurers. |
| Underwriting Year Treaties/Run - off treaties | These are treaties where the reinsurers assume liability on a reinsurance agreement to extinction of all the risks or policies covered in the treaties. |
| Mandatory Treaty | A reinsurance agreement where the reinsurer takes. an agreed percentage of Gross premium underwritten. It is a must that insurer cedes to the mandatory treaty. |
| Quota Share Treaty | A reinsurance agreement where the reinsurer takes. an agreed percentage of the Gross Retention. |
| Surplus Treaty | A Reinsurance agreement where the insurer (ceding company) reinsures only those risks where the sum insured exceeds its own Gross Retention limit. |
| Facultative Reinsurance | Reinsurance arranged on an individual risk basis. The ceding company is free to decide where to offer the risk to the reinsurer who in turn is not obliged to accept. |
| Facultative Obligatory | Like the Facultative Reinsurance above, except that the reinsurer is bound to accept automatically the businesses offered. |
| Reinsurers | An insurer who accepts reinsurance contracts. |
| Non - Proportional Treaties | These are the treaties or agreements between the insurer and the reinsurers, where the reinsurer agrees to contribute to losses exceeding a specified amount in return for a premium negotiated with the insurer. |
| Working XOL | A non - proportional reinsurance agreement where the insurer is not required to cede to the reinsurer, but is based on a deposit paid by the insurer at the beginning of the XOL cover and recoveries are required from the reinsurer (s) only for claims exceeding a pre - agreed amount on a per risk basis or per event basis. |
| Stop Loss XOL | Similar to the working XOL treaty, the reinsurer liability is based on the aggregate retained claims incurred by the ceding company during a year, which exceed a specified sum of money. |
| Catastrophe XOL | Also Similar to the working XOL treaty, the reinsurers’ liability is based on the total losses incurred by the ceding company due to the occurrence of one catastrophe. |
| Gross Retention | This is the maximum that a company would want to pay in respect of any one loss inclusive of the Quota Shares portions |
| PIN | Personal Identification Number |
| Net Retention | Insurers share of claim or premium after deduction of reinsurer’s portion. |
| Treaty Participants | The reinsurers in any one treaty. |
| Arrangement | The various treaties to which a class or group of sub - classes cede premium in predefined proportions. |
| Claimant | The person or organization lodging a claim. |
| Causation | A predefined possible cause of a loss. |
| Event | A single loss occurrence. |
| Catastrophe | A single disaster that can cause several losses. |
| Reserve | Amount set aside for possible settlement of a claim. |
| Revision | Increasing or decreasing the reserve. |
| Correspondent | Person (s) appointed or hired for providing particular services. |
| Fee | The amount payable to a correspondent for the services rendered. |
| Recovery | Receipt payments from claimants or third parties. |
| Salvage | Value realized from remnants of the property that is subject to the claim. |
| Payment | Claim settlement or fee payment. |
| Total Reserves | Sum of all the reserves made plus recoveries and salvages. |
| Outstanding Reserve | Total reserves minus payments. |
| Treaty participants | The reinsurance accounts in any one treaty. |
| Payment voucher | A voucher to advice on claim amount to be paid and meant to aid posting to FMS. |
| Payee | The person or party to receive payment- in whose name (s) a cheque is to be drawn. |
| Debtor | Client, agency/broker, insurance or reinsurance company that has business transactions with the company, and potentially owes or is owed money by the company. |
| Journal voucher | A double entry accounts transaction used to effect corrections by way of transferring amounts from one account to another. This is primarily used for correcting receipt posted to wrong account. |
| U/W | Underwriting. |
| Tender Quotation | A quotation that has been placed for competition and in which the insurer may get a number of requests from various intermediaries for the same risk |
| Dual Rating | This is a rating method where the rate is applied on some limit and then additional flat amount is charged based on say the number of employees or as a load |
| Motor Certificates | These are the stickers issued to motors to show they’re on cover |
| WEF | With effect from (Date) |
| WET | With effect to (Date) |
| XOL | Excess Of Loss |
| SI | Sum Insured |
| RI | Reinsurance |
| EML | Estimated maximum loss. An alternative term commonly used is Probable Maximum Loss. |

* 1. **SYSTEM USER CLASSES AND CHARACTERISTICS**

|  |  |
| --- | --- |
| User Class | Characteristics |
| Agent | Individual or company licensed by a state to sell insurance for one or more specific insurance companies. Explain features, advantages and disadvantages of various policies to promote sale of insurance plans. Process Quotations for the prospective clients. Ensure that policy requirements are fulfilled, including any necessary medical examinations and the completion of appropriate forms by the new clients. |
| Underwriter | Underwriters evaluate applications for insurance policies. They assess the degree of risk to the insurance company of the person listed on the application. Duties include reviewing insurance applications to ensure that all questions have been answered, compiling data on insurance policy changes, changing policy records to conform to insured party's specifications, compiling data on lapsed insurance policies to determine automatic reinstatement according to company policies, and verifying the accuracy of insurance company records. Issuing of any product certificates as required. |
| Reinsurance Staff | Reinsurance staff assesses the policies underwritten and selects those with a re - insurable risk and processes the premium due to the reinsurance company. |
| Underwriting Manager | One charged with the supervisory responsibility over the underwriters in the insurance company |
| Commission Staff | One charged with the responsibility of processing commissions for the different insurance intermediaries |
| Claims Staff | One charged with the responsibility of processing claims for an insurance company by verifying the accuracy and completeness of information on claims forms, applications and related documents, and company records. They also update existing policies and company records to reflect changes requested by policyholders and insurance company representatives |
| Claims Manager | One charged with the supervisory responsibility over the claims staff in the insurance company. Process applications for cancellation of insurance policies. |
| Finance Staff | Examine and analyze accounting records before authorization of transactions to determine financial status of establishment and prepare financial reports concerning operating procedures, assessing clients' assets, liabilities, cash flow, insurance coverage, tax status, and financial objectives to establish investment strategies |
| Customer Service Representative | Interact with customers to provide information in response to inquiries about products and services and to handle and resolve complaints |

* 1. **FUNCTIONS COVERED**
* Quotation Functions
* Marketing Functions
* Underwriting functions
  + Policy Servicing (Endorsements)
  + Policy Lapsation
  + Policy Reinstatement
  + Renewals
  + Reinsurance functions
* Capturing of the treaty arrangement parameters
* Annual/Renewal Reinsurance
* Generating periodic statements
* Claims Functions
  + Claim Opening
  + Claim Revisions
  + Claim Payments
  + Claim Fee payments
  + Claims Salvages
  + Claim Recoveries
  + General functions
* Functional authorization
* Business Process flow
* Emails
* SMS
* ECM- Document Management
* Commission Process
* Interface to Financial system
* Payments
* Receipting
* General ledger mapping

* 1. **FUNCTIONAL LISTING OF THE TURNQUEST GIS SYSTEM**

|  |  |
| --- | --- |
| Requirement/Feature | Comments |
| **QUOTATIONS**   * Ability to process quotations. * Ability to revise quotations. * Ability to quote for multiple products and multiple risks per product. * Ability to attach an expiry date to a quotation. * Ability to generate quotation number and revision numbers. * Ability to calculate premium, commissions and taxes for every quotation. * Ability to generate multi currency quotations. * Ability to attach a marketer to a quotation. * Ability to attach the quotation source i.e., Direct, Intermediary. * Ability to attach an intermediary per quotation. * Ability to authorize quotation before being marked as accepted by the client. * Ability to cancel quotations. * Ability to attach clauses, memos, excesses to a risk, products. * Ability to predefine and attach applicable standard clauses to a product and allow for editing and/or deletion. * Ability to get an analysis on quotations won and lost, by agent/broker given acquisition ratio (quotations versus business closed). * Ability to report on the quotations by the intermediary or marketer and not necessarily the quotation numbers. * Ability to automatically populate default quotation clauses rather than user selection of the clauses. * Ability to check for cross - selling during quotation process. * Ability to select additional products that the client can take up under cross selling. * Ability to check for internal claim experience and register the external claim experience for a new client. * Ability to print summary quotation in addition to the detailed quotation. * Ability to allow override of the computed premium by the user i.e., ‘but charge’. * Ability to accept usage of multipliers in premium computation. * Ability to accept escalators in premium computation. * Ability to convert quotation to their respective policies multi - product quotations e.g., in one quotation one would have fire, motor and engineering. On conversion, the system should give three policies as each of the products quoted for ought to be reflected separately. * Ability to load soft - copies of vehicles/schedules into the system in cases where the vehicles are provided in a format specified by Turnkey. * Ability to allow revision of quotations after validity period. * Ability to have quotation sent in soft copies to the client i.e., PDF formats by email. * Ability to send SMS alerts to clients. * Ability to send and maintain any correspondence i.e., any standard letters and memos. * Ability to attach documents received from clients. * Ability to convert a quotation into a policy. * Ability to Auto - generate quotations from existing policy information. (This is in cases where previously quotes had not been generated, e.g., transferred business, single sourced businesses etc). * Ability to select campaign as a source of quotation and if one selects the campaign as the source, then the system should display a list of value for campaigns in the system which should be attached to the quotation. * Ability to define clients as being either Corporate, Individual. * Ability to define joint clients/different trading names. * Ability to do budgeting for new business, renewals and organic growth either per class of business or all business. Budget should be monthly and at sub - class level and per source (agents, brokers, direct). * Ability to attach a holding company to an organization. * Ability to define associated companies not necessary holding company. * Ability to attach other companies that the insurance company holding company has interests in. * Ability to tie clients to a policy as opposed to tying client to an agent. * Ability to search a client using PIN Number. * Ability to capture the Client ID as internal ID as opposed to ID. * Ability to auto authorise clients created. * Ability to mark clients and agents as black listed. * Ability to define reasons for blacklisting. * Ability to select the reason for blacklisting, specify date of blacklisting. In case unblacklisted, specify the date when it was unblacklisted. * Ability to allow unconcluded transactions (claims) for blacklisted agents and clients but with an exception. Renewals, endorsements and new business should not be allowed for blacklisted agents, clients, risks unless 'unblacklisted'.   For risks check if property is blacklisted at schedule and risk level.   * Ability to keep track of blacklisted vehicle registration number use chassis number. * Ability to capture Parent company name, Group company name, Subsidiary company names, Physical address (head office and provision for subsidiary companies). * Ability to uniquely identify a client who may have a number of business plus maybe his own personal insurances and link all of those to one client by a number or reference. (Trading names/Entities) * The system should have a capability of defining different trading names which share the same unique identifier which is the PIN number. * Ability to Record Not Taken Up (NTU) quotations and the reasons for decline. Report to show quotation which have expired. An option to key in the reason why the quotation has not been NTU.   Ability to select a batch of quotation and mark them as NTU and key in reason.   * Ability of Escalation of unattended - to quotes to immediate supervisor within ‘X’ days. This is the period it takes. to complete a quotation. Will use the first quotation on is expected) quotation. Add an option of specifying due date of quotation (The date when the quotation is expected to be out, date received and an option of allocating quotation to a user who is responsible for the quotation.   The quotation should be printed after authorization not before.  Option to send quotation for a specific subclass at revision.  Mark quotation NTU for a client or product in a quotation.  Mark NTU for a specific agent.   * Ability to record visit details by the marketing department, i.e., nature of visit, clients visited, client feedback, date of next visit action after visit, prospects for organic growth. * Ability to allow marketers to record/ share information gathered during client visits such as complaints, compliments, feedback on quotes, new developments, new requirements etc. * Ability to capture promotion, publicity and advertising details. (This is the campaign management module in CRM) * Ability to perform quick searches of client database to be able to display the worth of clients (portfolio value). - This is to be provided as a report - Client summary report * Ability to publish details for one branch to be used in another branch i.e., address or branch details. Specify the branch details to use. * Ability to update specific license number on agent creation screen. * Ability for the system to generate Exception report for agents not licensed to specific person. Notification to be sent to the marketer attached to the agent. * Ability to validate PIN number on all screens which have PIN number field to ensure that the number keyed in by a user conforms to Kenyan format. * Ability to specify organization which rated an agency and the rating and an audit of the same in case of a change. The rating is done yearly. Allow rating by more than one organization. * Ability to attach a principal officer when creating agents. The principal should not be attached to more than one agent; system should send an alert in case same principal is attached to more than one agent. The unique identifier for the principal will be the PIN number. * Ability to mask the agency registration number to a specific format. |  |
| **UNDERWRITING**   * Ability to predefine all the accounts used in the underwriting process and their details i.e., direct clients, Agents, Brokers, Marketers (Marketers do not earn commission), In - house Agents (tie this with their managers), Insurance companies, staff/bank assurance/Affinity Systems should be able to tell business brought by a certain staff - introducer of business) and Reinsurance companies. * Ability of the system to keep an audit trail in case of a change of an introducer * Ability to define new clients with their previous claims experience if any. * Ability to attach policy document which is different from the other one specified in setup with an exception (These document is to be archived in DMS) * Ability to define the various classes and sub - classes of insurance. * Ability to define the various products and product sub classes and business rules. * The system should have an ability to define and underwrite a multiproduct on either monthly, quarterly, semi annual or annual basis. It should be possible to have combination of the various premium payment modes (monthly, quarterly, semi annual or annual) under the various sub-classes of a multiproduct policy. A policy can therefore have one sub-class paying on monthly basis and another one on annual basis. As agreed by mutual consent between heritage and turnkey, this is not in this scope. * Ability to mark sub classes as one requiring declarations or not. Allow Monthly declaration and annual declaration. * Ability to declare per risk/subclass. * Ability to predefine the various premium items (or premium sections) to be used in the premium computation. * Ability to generate a report showing premium per section * Ability to predefine commission rates at sub class level and at intermediary level. . There must be a commission rate for the rate to be changed then an exception rate. * Ability for the system not to allow change of commission rate if the source is direct. Direct commission rate should always be zero. * Ability to pay full commission to the broker who brought a facre in business. * Ability to capture primary broker (broker who gave the business to the ceding company). This is in case of facre in business to Heritage. * Ability to upload facre in documents - These documents should be uploaded to DMS. * Ability to attach perils to premium items (sections). * Ability to predefine the limits of liability to be used per sub - class. * Ability to predefine the tax types, their rates and any addition or variations of the rates at sub class level. * Ability for the system to compute reinsurance premium tax. * Ability to define the various conditions attached to cover agreements. These are Clauses, warranties, special conditions, excesses, perils, exclusions and extensions. * Ability to predefine the various flood/Quake zones risks covered would fall in. Breakdown the zones to the areas in each zone. * Ability to define events which should be availed for use in claims. * Ability to aggregate events for XOL recovery. * Ability to specify if a travel policy is renewable or not. * Ability to keep travel deposit - This should not be recognized as revenue until allocation is done. The unallocated amount should not go to the statement as it will appear as if client has overpaid. This amount should be stored in a separate area (suspense account). The amount should be allocated to a debit of a policy specified during receipting. * Ability to predefine Short Period rates and Section specific short period rates. * Ability to underwrite the various products of insurance specified in this documents. * Ability to generate policy numbers and endorsement number as per Heritage formats. * Capturing the following policy level details i.e., details applying to the whole policy regardless of risks covered. * Capturing policy level special conditions. * Capturing insured’s. Insureds should not be treated the same as clients - The threshold for client is different from insured. Allow defining an individual as an insured or client or both. If you are client you can be an insured but if you are insured you cannot be a client. Clients must have PIN insured does not necessary have PIN * Capturing insured’s risks. * Capturing risk /schedule details. * Ability to upload risk/schedule details. * Ability to import schedule details from one policy to another. * Ability to define risk cover period, value, maximum estimated loss, and escalation rates. * Ability to define Maximum exposure or top location or consolidation amount. * Ability to Capture risk schedule/specification details. * Ability to Capture risk level special conditions. * Ability to Specify the various premium items (sections) that define the extent of cover and used for premium calculation, provide the section limits and rates. This includes premium items, discounts, loading, escalations and extensions. * Ability to define discounts both at policy level and risk levelat binder level and be able to apply the same to a binder policy. * Ability to change the premium rates and create an exception. (Mid - term - endorsements) * Ability to compute premium based on the section limits and rates specified. * Ability to Compute Reinsurance apportionment based on the Sum Insured calculated or the Maximum exposure or Top location provided. Keeping into considerations the EML and Escalation. * Ability to use the predefined Reinsurance arrangements to reinsure risks but with provision for changes. * Ability to cede to the various treaty types which are Mandatory, Quota share, Surpluses and Facultative. * Ability to calculate the cession to the various treaties participants. * Ability to authorize the premium working and the underwriting working done. Posting the various revenue items to accounts to affect the various accounts. * Ability to underwrite broker business on accrual basis (agent business and direct business are normally on cash basis, if issued on accrual basis an exception must be raised.   Ability to for the system to allow part payment for cash basis policies. If payment is part payment the policy should not be authorized. The full premium to be debited but a one month certificate to be issued. It should be possible to allow extension of a certificate. A parameter to define the maximum number of extensions for certificate (3 months). An exception to be created beyond the maximum extension defined.   * Ability to Capture due date for the cheque used to pay for a debit. Exception if due date is changed (cashbook) - An alert to finance. Ability to monitor clients/agents who issue bounced cheque for blacklisting. A mail to be send to a specified person if a cheque bounces Ability for system not to allow issuing of a receipt if due date for a post dated cheque has not reached. * Ability for system to send an alert to the underwriter if no action on a bounced cheque after 30 days. * Ability to settle premium through IPF only or a combination of IPF and cash. * Ability to attach and print certificates for a risk. * Ability to process multi risk and multi sub classes policies. * Ability to produce policy documents and schedules/specification for policy underwritten. * The ability to process short period covers. . Allow one extension, more than one extension create an exception. Short period should not be renewable. * Ability to revise cover through endorsement transactions. These are declarations, deletions, extensions, refunds, and additional premium. The functionality for endorsements has been explained in another section of this document. These revisions should not affect the previous cover details. * Ability to process renewals (receipting creates the renewal) as is or with amendments. . Trigger to be sent to underwriter to print the documents (The alert to be send to the manager). The renewal notice will have barcodes (transmittal) which will be used when receipting.   Renewal to be automated for policies whose payments are done before renewal date. If there is any amendment to be done then this should start from underwriting by users making the necessary changes before receipting.   * Ability to mark a policy as renewable or not renewable. * Ability to cancel policies. (This can be from inception or mid - term) - Cancel from inception- if the cancellation is after 30 days - create an exception. System should not allow cancellation of policy if there is a claim (if less than the minimum no refund and if refund an exception) .The system should allow cancellation but with no refund if there is a claim, if with refund then the system should through an exception. * Ability to lapse policies. . - After 90 days if policy not renewed the system should automatically lapse the policy. Also manual lapse should be possible with reasons. Allow to key in reason for lapse for automatically lapsed policies. Refer Isaac * Ability to Reinstate cover (windscreen/accessories/carhire/excess protection) - This will be manual - A notification to be send to underwriters alerting them that the extension need to be reinstated. This should be done once annually. In case more than one reinstatement an exception should be created. * Ability of not ~~reducing~~ changing sum insured if there is a claim. Reducing sum insured for a policy with a claim an exception should be created. * Ability to process accumulations. * Ability to produce debit/credit notes for direct clients, agents and reinsurance companies. * Ability to produce debit note per insured for binders and schemes. The taxes that are PHF, TL and stamp duty to be distributed to each insured. * Ability to allocate premium for binders at insured level. * Ability to receipt against the insured debits for binders and schemes. * Ability for the statements to show the insured debits for binder policies. * Ability to upload payments for insured on the receipting screen (risk note to be used as the unique identifier) * Ability for the main debit note not to go to the statement in cases of binder and scheme policy. * Ability to indicate if to issue insured debit or one debit when underwriting a scheme policy. * Ability to pay commission when an insured debit is fully paid for binders and schemes. * Ability to process coinsurance business, keeping the coinsurance details with functionality to raise the service fee notes. * Ability to attach the policy documents from the other insurance companies. * Ability to setup maximum and minimum service fee. * Ability to process Reinsurance Inward business. * Ability to enforce authorization level and limits for any changes in the system. The system should allow combining of SI and premium as authorization limits. * Ability to transact in any currency. * Ability to capture proposal details depending on the products. * Ability to view the claims experience when underwriting. * Ability to generate risk profiles. * Ability to enter into a diary items or issues to be followed up at a later date * Ability to generate expected renewal list and actual monthly renewal report by broker, class and/or by client/product/region/branch, etc. * Ability to allow escalation of specific items in the policy * Ability to maintain non - refundable sections of the policy e.g., windscreen, radio cassette. The system should enforce the same. * Ability to view claims under the given policy from the underwriting module. * Ability to define the various binders applicable per broker including the clauses, premium rates and items, perils, commission and policy servicing fee. * Ability to mark a transaction as being a new business, Renewal or Organic growth. * Ability to define fixed exchange rate per policy which should not be changed during endorsement until renewal of policy when the exchange rate is agreed between the client and Heritage Insurance Company. (System should allow specifying the date from and date to for the exchange rate). * Ability to define staff accounts and be able to produce a statement per staff. (Aggregate staff amounts). Produce debtors for staff. * Ability for run - off and active account to allow endorsements and receipts only. Renewals and New business should not be posted to a run off account. * Ability to capture client PIN number when doing an underwriting transaction, if PIN number not captured system should create an exception. ( At this point the client is not verified) * Ability to auto - graduate NCD level and the level to go down if a claim/claims occurs as per set parameters. * Ability to underwrite transactions in accrual or cash basis as defined in the product setup. * Ability to issue one invoice for more than one policy which belongs to the same client. * Ability to cancel valuation request. A user should only be able to do a valuation on a risk if the previous request has been cancelled. * Ability to tie down all valuations done on a risk system to the payments so as to ensure that one cannot double pay on a valuation/survey. The expenses should be tied to the policy. * Ability to setup valuation fee per risk per given period. The rates should be at service provider level. * Ability to scan the valuation documents and attaching them to the risk that has been valued. * Ability to prevent renewal of a risk in a policy if there is a total loss claim on it. * Ability to compare the premium charged for excess and the excess waived due to excess protector (This is a report). * Ability to cap the number of reinstatements that can be done on an excess protector section. The system should only allow not more than two extensions if the indicated extensions are passed system should create an exception. * Ability to generate claim experience per insured in a binder. * Ability to amend limits of liability per policy. * Ability to set reorder for certificate. * Ability to send an alert to the admin whenever the registered certificates go below reorder level. * Ability to blacklist a car registration number, building or make of a car and for the blacklisted items the user should not allow a transaction to be done on it until the risk is marked as not blacklisted * Ability to send out alerts email/SMS to clients to remind them of IPF payments. * Ability to send an email alert to the person who prepared and the person who authorized the transaction. * Ability to print policy documents, policy schedules, clause wording based on the product name, user who prepared and for a given period. (Allow specifying the documents to be printed for each transaction type). * Ability to amend schedule details (With the exception of the risk ID & limits of liabilities) , clauses without raising an endorsement and an audit kept to show the change and who changed when a policy is authorized. * Ability to link one security document (A security can be a log book) to several bonds. * Ability for the system not to allow Heritage to return the security document until all the bonds linked to it have been cancelled. * Ability to restrict cancellation/revision of cover where a risk is being used as security. * Ability for the system to maintain an electronic filing system i.e., documents are scanned and stored on a central filing depository accessible to underwriting staff. * Ability to print renewal notices in batch and for all products at the same time instead of printing per product. Repetition * Ability to automatically forward the raised cover note to the approved staff for online authorization. * Ability for the system to provide for the approval or rejection of the raised cover and send feedback to the requestor communicating the same. * Ability to calculate installment premium based on the payment mode for cash basis policies. * Ability to tie the cover period to premium paid where policy is not annual. * Ability to auto - renew a policy which are at cash basis with the correct underwriting year upon receipting of the premium irrespective of the premium payment mode. Repetition * Ability to allow for mid - term changes which includes changing the sum insured within the policy period and charge correct installment premium moving forward, change the payment mode for a particular policy before the policy period is over, Change the policy period and accommodate all above changes at the same time. (Cash basis policies) * Ability to reinstate of lapsed PA and variation of the reinstatement period. * Ability to allow for update of the underwriting records and move the paid to date upon receipting of premium (cash basis policy e.g., PA policies) * Ability to authorise premium (debit to hit statement) to facilitate commission payment before other documentation (clauses etc) are done. |  |
| **CLAIMS**   * Ability to predefine perils per sub - class including the excess per peril. - Perils to be attached to sections. * Ability to predefine correspondents used in claims. * Ability to attach a discharge voucher to a claimant. * Ability to predefine claims causations per class e.g., fire for fire policies or accident for motor losses. * Ability to predefine road conditions if applicable e.g., tarmac, concrete roads etc. * Ability to predefine Disability scales. The aggregate should not go beyond 100%.   Fixed benefits - This can be computed with an option to use the benefits which change.  The benefits to be picked in underwriting then picked at claim.  Accumulation - Maximum exposure should be seen from claim so that the claim cannot be paid beyond that amount. (This accumulation is per event) - If the accumulation is passed no other claim to be done on that event.  The accumulation (maximum exposure) at underwriting may not be the amount to use in claim. In claim they should be able to specify if different from what is underwriting. Default to exposure.  Treaty have maximum limit per individual and per event - This limits should be viewable at underwriting and claim level and validated.   * Ability to predefine the excess based on type of loss i.e., Total Loss or Partial Loss (repairable loss). * Ability to predefine, send and maintain claim standard letters and memos. * Ability to validate claims booked and keeps the claims details, making an opening reserve on the claim. Assist in validation by providing all the policy - underwriting details as per the time of loss and facilitate in choosing the right reinsurance cessions for the claim. * Capture third party claimants and their details. ID/Passport should be unique and mandatory. (No payment until ID is provided) and for corporation use PIN/Reg. no.   Check at payment claim if ID has been provided; if not provided, create an exception. Add emails address on claimant creation screen  Documents required for knock for knock - Validation that the other vehicle must be comprehensively covered.   * Ability to attach a discharge voucher to a claimant.   Some legal claims can be paid without discharge voucher - Use judgement letters to pay. - The letters will have a file number (date).   * Ability for the system to ensure when doing a discharge voucher, the ID number is provided; system should ensure one cannot authorize the discharge voucher for third party claims until an ID has been provided. The ID number/PIN should be provided when creating third party claimants. * Ability to make reserve revisions on the claims keeping a record of every revision and reason for the revision. * Ability to tie limits of liability/excess in underwriting to claims such that the reserve amount specified when opening claim should check against what has been defined in underwriting. In case the reserve is more than the limit of liability in underwriting, system should raise exception. * Ability to keep records of Claims recoveries and Claim salvages. On receipting the claim salvage, excess and recovery transaction should be automatically created and authorized in GIS. * Ability to flag if a third party vehicle has been insured by Heritage. - Two claim files should be opened for the two claimants. Remarks to be put and then in case of total loss a trigger to delete the risk in underwriting. * Ability to track vehicles provided as security- During claim opening, if there is any vehicle that had been provided as a security for a bond and a claim comes through, then the system should be able to raise an exception so that the claim people can follow up with the UW department to reinstate the security (vehicle). - The logbook should not be released if there is no replacement for the security.   Before settlement of claim for write - off a reinstatement of security must be done.   * Ability to ensure that for any claim done for non - motor, the value of the risk should go down by the value of the claim. (A trigger (workflow) to underwriter to do an endorsement) Ability to record claim activities during claim booking with their action dates. When the activity booked is due, the system should be able to send an email notification for the user to act. (Claim diary). There should also be a provision for advance reminder i.e., before the due date. * Ability of the system to show amount of claim recoverable from other co - insurers. (Where Heritage is a leader/follower). * Ability to capture PA - For CFC - Life PA claims (Or any other product in cash basis) , the system should follow the rules for PA such that one can open a claim with a grace period so long as the risk is covered. (there is a contract) The payment should check on if the payments are up to date before payment. Reserves should be captured as per the policy benefits i.e., PTD, TTD and Medical expenses. * Ability to specify discovery period- In underwriting specify the discovery period (if the notification is after discovery claim must not be processed, however a claim can be reported as ex gratia if outside the discovery period. * Ability to process claims payments and claim fee payments. * Ability to make payments to be made from existing reserves. * Ability for Withholding tax to be charged to the service provider if the payment goes above KES. 24, 000/ - , then the tax is applicable. The amount is normally looked as an aggregate Monthly amount through several cheques. * Ability to compute VAT per transaction. * The system should have a provision for a user who assigned a ticket retracting and reassigning the ticket For example if user assigns a manager a ticket and finds out that the manager is not in the office he should be able to pick the ticket and assign to another manager without contacting the system administrator/IT to use the ticketing module. (Assign to group but once one person starts working on it another person should not see it) * Ability to apportion salvage when is sold to proportional treaties. * Functionality to determine the reinsurance claims portions or the amount to be claimed from reinsurers. * Ability for the system to send a Mail to reinsurance in case amount is above the cash call (This is at claim opening or claim revision) - This is on net per claim/event. Same should be sent for claim payment. * Ability to profile all claims per event or catastrophe. * Ability to handle the claims mail processes. * Ability to determine the claims XOL deductibles for the different types of XOL treaties i.e., Working excess of loss, Stop Loss and Catastrophe XOL. * Ability for salvage to reduce xol recoverable for a claim. XOL for claim with XOL recoverable at payment the salvage first reduces the XOL recoverable first. * Ability to pay claimants by cheque, credit note, Mobile Money, RTGS or Electronic funds transfer. (. (if payment is by credit note there should be an exception) * Ability to close claim as settled, no claim or rejected when the claim reserve is zero. (Track in case a claim is closed and reopened) * Ability to process Ex - gratia payments.- For ex gratia payments, there are times when paying the claim, part of the payment or all is on ex gratia. On the claim items, one should be able to setup one of the payment items as being ex gratia payment. (There should be an exception if a claim is ex gratia. (System should indicate the claim as not payable). * Ability to make diary entries of items or issues to be followed up at a later date. * Ability to record the claims required document. * Ability to tag every transaction type with codes that uniquely identify the transaction type and understood by intermediaries and third parties. * Ability to raise a voucher for any claims transaction done in the system. * Ability to get a report on all outstanding claims on a class - by - class basis showing Gross and Net reserve. * Ability to get a report showing all claims over a given amount or all claims within a given range. * Ability to get a report on average cost of claims per sub class. * Ability to get all the claims closed as NIL claims. * Claims of a specified nature. * Claims experience report showing per policy all the claims per underwriting year and their loss ratios. The claims experience could be run per Agent, Branch, Client or Product. * Functionality to search through the claims done in the system. * Ability to generate periodic claims production reports. * Ability to generate reports on claims status change, claims closed as no claim, re - opened claims. * Ability to generate Reinsurance debit notes for every transaction affecting Facultative reinsurers * A feature to allow underwriters to know of written off vehicles or stolen items for them to raise the deletion endorsements Functionality to have the system identify sections/items that are on reinstatement or replacement basis in a policy so that when a claim occurs then the underwriting could be triggered (report submitted) so that they may raise endorsement to reinstate the cover. * A feature to control lodging of claim several times e.g., one injury could be reported severally by the third party lawyer and by the insured. It is thus important that the system to give a warning supposing another claim exists for the same policy on the same date. * Ability to check if premium has been paid for the said policy before opening a claim. * Ability to setup the minimum days for claims review per product per transaction date to be enforced during setting of review dates at transaction time. * Ability to tag claims that require recoveries done. * A feature to check that the garages are not paid more than once for the same vehicle/claim. * Ability to report time barred claims, to compare the dates of notification against the loss dates. * A feature to remind on the third party recoveries. A listing of the claims for third party recoveries would do. * A feature to remind cases falling due for hearing. This will be a legal diary that captures, per respective claim record, the Limitation of Action date, Expiry of Stay of Execution date, Hearing/mention dates, Narration for each hearing/mention, expiry of stay of execution for judgment debts owed to the company, the advocate handling and automated reminders (narration and date). * Ability to run claims outstanding report as at a given date for all or specified products in detailed or summarized format. * Ability to tag salvages per claim. * Ability to capture salvage status - To be opened, In sale process, Awaiting invitation of tender , To be auctioneered, Sold, Other status, tender (system to generate tender number so that tenders can be grouped) , won, bought, others- Then an option of describing. * Ability to capture storage fee for a salvage. * Ability to capture period how long a salvage is in store - Date when a salvage was taken to store and date when salvage is removed from the store. * The system should be able to pay claims net of the excess amount for cases where the user has tagged the claim to utilize the claim amount to knock - off the excess. (partial payment hence partial offset) * Ability to generate Claims experience report showing per policy all the claims per underwriting year and their loss ratios. The claims experience could be run per Agent, Branch, Client or Product, insured   Claim experience based on earned premium and total premium.  Ability to track time barred claims. Alert to be sent if claim is getting time barred.   * Ability for the claim users to view policy document for a policy. |  |
| **REINSURANCE**   * Ability to predefine reinsurance arrangement agreements for both proportional and non - proportional treaties. * Ability to generate reinsurance quarterly accounts at treaty level and treaty participant’s level. * Ability to process portfolio transfers. The portfolio transfer is normally done at the end of the year and the premium transferred is normally 40% for the previous year. The portfolio transfer should allow one to be able to be done for a given duration. * Ability to generate profit commission reports for proportional treaties with consideration of the types of treaties. This should consider if underwriting or clean - cut treaties. * Ability to generate gross and net risk profiles * Ability to determine accumulation as per the accumulation groups predefined in the system. (Earthquake). * Ability to reserve and release premium with functionality to calculate Interest on Premium reserves, withholding tax and commission. * Ability to reinsure at risk level. * Ability to generate periodic treaty wise premium summaries. * Ability to cede out facultative and also compute the commission applicable. * Ability to run facre in and facre out statements. Allow printing facre out statement and facre in statement and all accounts (facre in and facre out). System should have a way of linking facre in and facre out account which are the same. The consolidated statement should show the transactions due to facre in and transaction due to facre out then a total of the two. * Ability to have proportional treaty setup per currency * Ability to send an alert to the reinsurance department when the claim is above the cash call limit. The alert is based on the amount reserved either at Loss opening or Claim Revision and claim) * Ability to Post reinsurance amount at treaty level * Ability to print Reinsurance statements at participant level, broker and treaty level. * Mid - term changes of treaty setups - We should be able to specify the wet date of a treaty. Copy the existing treaty and create another one. . * Ability for the system to separate international and local treaty when posting to the general ledger. * Ability of the system to determine if Reinsurance premium tax is applicable for a participant. * Ability to automatically flag if Excess (Amount above retention and treaty capacity limit) is to be automatically ceded to facultative obligatory or not. - This is not for excess only. Amount can be ceded to fac oblig even if the limit is not exhausted. * Ability to print premium reinsurance Bordeaux at subclass and product level. * Ability to generate Reinsurance debit notes for every transaction (This is will be for |  |
| **ACCOUNTS**   * Ability to update payments. When doing refund payment, the system should pick the agent/broker/client from the policy picked. There should be a leeway of typing. If one types a different name from the given list, then an exception should be raised. On raising the refund cheque, the amount raised for refund is always inclusive of the commission.   Refund to an agent/broker is net of commission  For binders/scheme you should be able to refund to the insured   * Ability to update Receipts. * Ability to allocate transactions by policies. Allow debit of client to be allocated against credits of another client in the same account but with an exception. * Ability to pass Journal Vouchers to transfer amount from one account to another. * Ability to generate Direct, intermediary and Reinsurance Statements. * Ability to generate the Unearned Premium Report. * Ability to generate actual IBNR report for comparison with the formulae based. - Rate \*premium year to date (debited premium) * Ability to post movement for IBNR. * Ability to process Unearned Premium Reserve and post into FMS as per the formulas given. * Feature of printing previous period statements even when the periods have been closed. * Ability to age the debts on debit note authorization date. * An optional feature to automatically allocate contra entries. * Ability to allow cancellations to appear in the current month and not the month of transactions. * Ability to allow for matching at receipting or later. * Ability to view direct client statements, agent statements and broker statements from the application. * Feature of the reversal receipts to cross - reference the receipts they are reversing possible by the number or any other feature to enable ease of understanding the statement. * Functionality of allowing one to enter the payee name which is sometimes very long. * Ability to generate actual IBNR report for comparison with the formulae based. * Ability to allow settlement of claims by credit note. * Ability to generate the commission statements. * Ability to process commission from the system and raise a cheque requisition from finance. * Ability to set the minimum aggregate amount to process commission based on. * Ability to write - in and write - off debtor accounts. * Ability to raise refund cheque requisitions from the application. |  |
| **INTERFACE**   * Interface to the Financial Management System * FMS will be able to read/write (access) the accounts transactions in the GIS system interface links. |  |

# **Client Relation Management System Setups**

* 1. **ORGANIZATION MANAGEMENT**

The system provides a capability of capturing the organization details.

* Organization definition inputs;
* Organization Name
* Postal Address
* Physical Address
* Postal Code
* Fax Number
* Telephone Number - Phone number to pick accepted format
* Web Address
* Email Address
* Organization Country
* Administrative Unit (County/State)
* State/County Name - This label changes depending on the kind of administrative unit.
* Town
* Base Currency
* Organization Manager
* Organization Type (Insurance Company, Broker Company)
* Organization Motto
* Organization Logo

* 1. **BRANCH NAMES**

The system provides the capability of defining all the branches in the organization

Branches definition inputs;

* Branch Short Description
* Branch Name
* Physical Address
* Postal Address
* Branch Country
* Branch State/ County (This should pick either state or County depending on the administrative of the organization)
* Branch Town
* Telephone
* Fax Number
* Email
* Contact Person

* 1. **REGIONS**

The system provides the capability of defining the different regions within an organization. The inputs are;

* Region Short Description
* Region Name
* WEF
* WET

* 1. **CLIENT MANAGEMENT**

The system provides a functionality of managing clients, allowing the capturing of client details as required in the proposal form.

Client Definition inputs are;

* Client Type (Individual or Corporate)
* Date Created: system generated
* Created By: user creating client
* Account No: system generated
* Client ID - This is to be renamed to Client Internal ID
* Direct Client (Yes/No)
* Agency (If Not Direct)
* Surname / Company Name
* Other Names
* Gender (Male or Female)
* Client Id/Registration Number
* Client Passport Number
* PIN Number
* Client Title
* Physical Address
* Legacy/Old client Short Description
* Postal Address
* Telephone Numbers
* Cell Number (s)
* Country
* Email
* Date of Birth/Anniversary of incorporation
* SMS Number
* Fax Number
* DL Number
* Relationship Officer
* Account Manager
* WEF Date
* Client Branch
* WET Date
* Domicile Country
* Credit Rating
* Client Status (Draft, Active, Inactive, Rejected)
* Client Region
* Client Town
* Bank Details
* Bank Account Number
* Bank Branch
* Bank Tel Number
* Bank Cell Number
* Account Officer
* Account Officer Name
* Employment Details
* Client Occupation
* Date of employment
* Employer Tel Number
* Employer Cell Nos:
* Additional Details
* Remarks
* Proposer/ Holding Company (Yes/No)
* Current Insurers/Brokers:
* Projected business/Premium income
* Run - off Account: (if account with bad debts)
* Required Special Terms (Yes/No)
* Sector
* Withdrawal Reason
* Client Image
* Client Signature

The system will have the ability to define regions and districts during country creation to be attached to the clients in line with the administration in Kenya.

* 1. **ACCOUNT MANAGEMENT**

The system provides the functionality to define the different types of account types (Direct, Brokers, Agents, Insurance companies, In - house Agents, Reinsurance companies, Facultative outward companies, and Facultative inwards companies)

Account type input;

* Account Type Name: (Direct, Brokers, Agents, Insurance companies, In - house Agents, Reinsurance companies, Facultative outward companies, and Facultative inwards companies)
* Account ID
* Withholding Tax Rate: If applicable at the account level
* Override Rate
* Account Number Format: Number format supplied for each account type
* Short Description Format: Format for short description supplied for each account type
* VAT Rate: If applicable at the account level

Account definition input;

* Account Type
* Agency code (auto - generated by system)
* Agency name, physical address, postal address and email address, web address.
* Agency phone, and fax numbers.
* Names of referees and their contact addresses or telephones.
* Account type.
* Account number – to be allocated by the finance department.
* Registration number if applicable.
* Period of credit allowed.
* Allocation of the account number to the registered intermediary.
* Country
* Town
* Contact Person
* Contact Title
* Office Telephone, Home Telephone
* Fax
* GL Account
* PIN
* Agent Commission %
* Credit Allowed (Yes/No)
* Sacco - Remove this from the screen
* Status (Inactive/ Active)
* Date Created: System generated
* Created By: system generated
* Licensed, Registration Code, The valid registration period
* Commission Allowed (Yes/ No)
* Checked
* Intermediary Branch
* Remarks for status change
* Credit Rating
* Bank Name
* Bank Branch
* Account Number
* ID Number
* Contract Code
* Agency Code
* SMS No
* Holding Company
* Sector
* Agency Class
* Runoff (if account with bad debts)
* Status Remarks
* Agency Prefix

The system will have an option of keying agent registration number. The format of the agency registration is IRA/WW (numbers) /XXXXX/YYYY

- XXXXX - This number grows.

- YYYY - This is the year of registration

- WW - These are numbers

- The number is perpetual

- The number is unique per agent - System should check to make sure more than one agent does not give the same registration number.

- For facre in and facre out - System should provide a functionality to link facre out and facre in insurance which are the same.

System should allow updating of licence number.

The system should allow attaching of principal to an agent and a principal should not be attached to more than one agent.

* 1. **SERVICE PROVIDERS AND ACTIVITIES MANAGEMENT**

The system provides the capability to define Service providers Types, Service providers and tie them to their activities

Service Provider Types inputs;

* Short Description
* Service provider Type Name; for example loss adjuster, Loss assessor or Doctors
* Status (Active/Inactive)
* Withholding Tax Rate
* Vat Rate

Service Provider Activities inputs;

* Activity ID
* Activity; for example assessor, adjustor, valuer, surveyor

Service providers’ inputs;

Service Providers (individual/ cooperates) appointed by the insurance companies to offer services.

* Short Description
* Service provider Name
* Physical Address
* Postal Address
* Country
* Town
* Telephone
* Fax
* Email
* In- House
* Title
* Zip
* WEF Date
* WET Date
* Contact
* Bank Name
* Bank Branch
* Bank Account No
* General Ledger Account
* General Ledger Account Number
* Created By : system generated
* Date Created
* Status Remarks
* Active? (Y/N)
* TIN
* Professional Body
* Value Added Tax Rate

For surveyors add a field to tag if a surveyor/valuer is internal or external.

* 1. **CURRENCIES**

The system will have the capability to define the different currencies of the world and there exchange rates. The parameter CURRENCY\_RATE\_EXTENSION\_DAYS is set to limit the number of days an exchange rate is applicable beyond which one has to set another rate.

Currency definition inputs;

* Symbol
* Description
* Round

Currency Rates inputs;

* Base Currency
* Exchange Currency
* Rate
* Date

# **General Insurance Setup Screens**

This are all the set up screens required for various transactions in GIS

* 1. **CLASSES**

The system will have the capability to define the various classes of business.

Class definition Inputs;

* Class Code
* Class Short Description
* Class Details
* WEF Date
* WET Date
* Policy Accumulation Limit
* Insured Accumulation Limit
  1. **SUBCLASSES**

The system will have the capability to define the various subclasses attached to a class

Subclass definition Inputs;

* Sub - class Code
* Sub Class Id
* Sub Class name
* U/W Screen Code
* Sub - class Claim Prefix
* Max No claim discount
* Declaration Class (Yes/No)
* Max declaration Refund %
* Declaration Penalty %
* Can be Reinsure without SI (Yes/No)
* Risk ID should be unique (Yes/No)
* Quake Region Required (Yes/No)
* Insured Accumulation Limit
* Company Accumulation Limit
* Disability Scale applicable (Yes/No)
* Reinsurance Pool applicable (Yes/No)
* Survey Required (Yes/No)

* 1. **PRODUCT GROUPS**

The system will have the capability to define the various product groups

Product groups definition inputs;

* Product group Code
* Product group Description
* Group Type (Motor, Marine, Fire, General Accident, Oil and Gas, Bonds, Engineering, Miscellaneous, Medical, Others)

* 1. **PRODUCTS**

The system will have the capability to define the various products

Product Definition inputs;

* Product ID
* Product Name
* Product Short Description
* Policy Prefix
* Minimum number of Subclasses that can be transacted on
* Schedule Report Code
* User defined Report Group
* Policy Limit
* Pre - requisite Product if any
* if to Enable Spare and parts screen
* WEF
* If Installments debiting is Allowed
* Insured Limit
* Minimum Premium
* Minimum endorsement Premium
* WET
* If Product is a Multi- Class product (Yes/No)
* If to Show on Web Portal (Yes/No) : Applicable on whether client has Turn Quest Agents/Clients portal systems
* If to Show FAP On DR/CR note (Yes/No)
* Policy Document path
* If Motor Class (Yes/No)
* If Midnight Expiry (Yes/No)
* If to Show SI On DR/CR note
* If Renewable (Yes/No)
* If open - cover (Yes/No)

* 1. **PRODUCT SUB CLASSES**

The system will have the capability to define the various products as per organization requirement and attach the sub - class (es) applicable.

* 1. **DESIGN SCHEDULE SCREENS**

The system will have the capability to design schedule screens that are attached to products.

* 1. **COVER TYPES**

The system will have the capability to define the various cover types for example Comprehensive, Third party

Cover type definition Inputs;

* Cover type ID
* Cover Type Name
* Cover type Details

* 1. **PREMIUM ITEMS (PREMIUM SECTIONS)**

The system will have the capability to define the various sections for example Sum insured, Value of Vehicle, discount

Section definition inputs;

* Section ID
* Section Description
* Section Type (Extension SI, Extension Limit, Section SI, Section Limit, Discount, Loading, Escalation, NCD, Earthquake, Day One, No FAP section Limit, Excess protector, Rider Section SI, Loading SI)

* 1. **PREMIUM ITEM RATES**

The system will have the capability to define the premium rates specific to the sections/ premium.

Section rates/premium rates definition inputs;

* Sub Class Description
* Section Description
* Binder Description
* Range From
* Range To
* Rate
* Rate Description (Percent, Per Mille, Amount, Others)
* Division Factor (Required only if the rate description is others)
* Rate Type (Fixed, Recurring, Range (step) , Range (abs) )
* Maximum Rate applicable
* Minimum Rate applicable
* Endorsement Min. Amount
* If it can be Prorated
* NCD Level
* Multiplier Rate
* Multiplier Div. Factor
* WEF
* WET
* If Excess Protector Applicable

The system will also incorporate the usage of the Short Period Rates.

* 1. **BINDERS**

The system will have the capability to define binders. When defining the binders, the following items can be pre - defined;

Binder definition;

* Contract Short Description
* Contract Name
* Contract Master Policy No
* Contract Doc
* Product ID
* Remarks
* WEF
* WET

Binder details;

* Sub Class
* Max Exposure
* Min Premium
* Sub - class clauses
* Section Perils
* Limits Of liability

* 1. **COMMISSION RATES AT SUB CLASS LEVEL AND AT BINDER LEVEL**

The system will have the capability to pre - define the commission rates at either the binder level per sub - class or per sub - class per account type. During premium computation, the commission rate at binder level supersedes the commission at account type level.

Commission rates per sub - class per account type definition inputs;

* Sub Class applicable
* Account Type (for example Broker, Agent)
* Commission Type
* Premium band Name
* Range From
* Range To
* Rate
* Rate Description
* Rate Type
* WEF
* WET

Commission rates binder level per sub - class definition inputs;

Intermediary

* Sub Class
* Class Trans Code
* Binder Name
* Range From
* Range To
* Rate
* Rate Description (Percent, per mille, amount, others)
* Rate Type (Fixed, Recurring, Range (Step) , Range (Abs)
* WEF
* WET

* 1. **CLAUSES**

The system will have the capability to define Clauses and attach the various sub classes to be used under.

Clauses definition inputs;

* Clause ID
* Clause Heading
* Clause Wording
* Clause Type (Clauses, warranties, special conditions, excesses, perils, exclusions and extensions, Memos)

* 1. **FLOOD ZONE/EARTHQUAKE (RISK ZONES) AND TERRITORIES**

The system will have the capability to predefine the various flood zones/earthquake and territories that can be used during UW.

* Territory definition inputs;
* Territory Description
* Territory Details

Flood zones/earthquake definition inputs;

* Zone ID
* Quake Zone Name
* Areas Covered

* 1. **TAX TYPES & THEIR RATES**

The system will have the capability to predefine the various taxes, certificate charges and fees and the applicable level and the rate.

Tax Definition inputs;

* Revenue item Code
* Description
* Type (for example UW Stamp Duty)
* Applicable Level (for example UW Normal)
* Applicable Transaction (New business , Endorsement, Short Period, Renewals, Cancellation, Extension, Declaration, Reinstatement)
* If Mandatory (Yes/ No)
* If Applicable at subclass level

* 1. **OTHER INTERESTED PARTIES & PREMIUM FINANCIER**

The system will have the capability to predefine the premium financier and other interested parties to be attached to policies during UW.

Premium Financier and Other Interested parties’ definition inputs;

* Name
* Branch Name
* Postal Address
* Postal Code
* Remarks
* Type (Premium Financier, Other Interested parties)

* 1. **PREDEFINING REPORTS TO BE ATTACHED TO EMAILS WHEN TRANSACTING**

The system will have the capability to predefine the various reports one can attach to an email when transacting.

Email reports definition inputs;

* Description
* Level (U/W, Quotation, Reinsurance, Claims)
* Name of Report to be sent

* 1. **CAUSATIONS & ATTACHING THEM TO CLASSES**

The system will have the capability to predefine the various causations applicable and attach them to the various class of business applicable to.

Causes definition inputs;

* Description
* Short Description

* 1. **PERILS AND ATTACHING TO BINDERS/PREMIUM MASKS**

The system will have the capability to define all the applicable perils and attaching them to the class of business at class/binder level.

Perils Definition inputs;

* Peril ID
* Description
* Full Description
* Payment Type (Fee Payment, Claim Payment, Both)

Subclass – peril definition inputs;

* Peril Type: Is the peril applied for self, Third party or both ( some perils are applicable to third party / insured only in that case select third part / self if it applies to both insured and third party select both.
* Section Limit: This could either be:
  + Risk Sum Insured: Perils applicable on sections that are of type risk sum insured
  + Section limit: Perils applicable on sections that are section limits
  + Peril limit: Maximum limit on a peril
  + Unlimited: Perils applicable on sections that are unlimited e. g Third party liability
  + Extension: applied to sections that are extensions
  + Permanent disability: Applies for both Group personal Accident and Workman Compensation permanent disability peril
  + GPA Total/ Temp Disability: Group Personal Accident Total temporary disability peril
  + Workmen Total /Temp Disability: Workman Compensation Total temporary disability peril
* Depend on loss type: If peril is dependent on the type of loss that is repairable or total loss
* Limit Description: Description of the peril
* Person Limit: Limit any one person
* Depreciation percentage: this is the percentage of depreciation applicable to the peril
* Limit amount: Limit applicable to the peril
* Max claim Period: Specific number of days, weeks or months of the maximum claim period
* Max Claim Period Type: Specify if the maximum claim period if is in weeks, days or months
* Excess Type: Amount or percentage
* Excess: Excess amount or percentage applicable to the peril
* Excess Min and Excess Max: Limits of excess if applicable
* Expire on claim: This is set to Yes if the peril expires on a claim
* Claim Excess Type: Amount or percentage
* Claim Excess Amount: Claim excess amount or percentage applicable to the peril
* Claim Excess min and Claim Excess Max: Limits of excess if applicable
* Multiplier: Multiplier rate applicable to be applied to the peril
* Benefit per Period: This is the section to setup the benefit scale

* 1. **EVENTS & CATASTROPHES**

The system will have the capability to predefine events and catastrophes to be used during claim processing.

Events definition inputs;

* Event Description
* Event Short Description
* Event Date
* Event Location
* Event Cause

Catastrophe definition inputs;

* Catastrophe Description
* Catastrophe Short Description
* Catastrophe Date
* Location
* Cause

* 1. **ROAD CONDITIONS**

The system will have the capability to predefine the road conditions that can be attached to claims during claims processing.

Road conditions definition inputs;

* Description
* Short Description

* 1. **ENDORSEMENT REMARKS**

The system will have the capability to predefine the various endorsement remarks that can be used during policy processing and be availed on the endorsement report.

Endorsement remarks definition inputs;

* ID
* Endorsement Remarks
* Remarks Level

* 1. **LIMITS OF LIABILITY & ATTACHING THEM TO SUB - CLASSES**

The system will have the capability to predefine the various limits of liability applicable per class of business.

Limits of Liability definition inputs;

* Narration
* Value

* 1. **DISABILITY SCALES**

The system will have the capability to predefine the various disability scales applicable.

Disability scales definition inputs;

* Description
* Short Description
* Percentage

* 1. **PENALTIES**

The system will have the capability to predefine the various penalties that can be used in the application.

Penalty Setups definition inputs;

* Penalty Code
* Description
* Applicable Level
* WEF Date
* WET Date

* 1. **CLAIM PAYMENT ITEMS**

The system will have the capability to predefine the claim payment items.

Claim payment items definition inputs;

* Description
* If Vatable
* If Withholding Tax is charged
* If Mandatory
* If Applies at fee payment or claim payment

* 1. **PREDEFINING OF REASONS FOR PENDING**

The system will have the capability to predefine the claim reasons for pending to be attached at transaction level.

Reason for pending definition inputs;

* Reason
* Description

* 1. **PREDEFINING OF CLAIM COMPLETION REMARKS**

The system will have the capability to predefine claim completion remarks to be attached at transaction level.

Claim completion Remarks definition inputs;

* Remark

* 1. **DESIGNING OF CLAIM FORMS**

The system will have the capability to pre - design the claims form specific products

Claim forms definition inputs;

* Template (s) design

* 1. **TREATIES AND TREATY SETUPS**

The system will have the capability to predefine the various treaty arrangements to be used during UW. The treaties applicable will come pre - configured.

Treaty setups definition inputs;

* Treaty (Quota Share, Mandatory, XOL , Surplus, Facultative Obligatory)
* Treaty Type (Quota Share, Mandatory, XOL , 1st Surplus, 2nd Surplus, Facultative Obligatory)
* Period From
* Period To
* Int. on Premium Reserve
* Cession Rate
* Rate Type
* Accounts
* Profit Commission %
* Management Fee Rate %
* Cash Call
* Premium Portfolio %
* Claims Portfolio %
* Quake Limit
* Commission Rate %
* Currency
* Premium Reserve Retained %
* Period Loss Carried Forward
* Limit
* SI Start From
* RI Premium Tax Rate
* RI Tax Div Factor
* Earthquake Commission Rate
* Tax Interest %
* Following Years Treaty
* Participants and their rates
* The classes of business applicable with the Minimum EML, Retention Limit, Facultative Obligatory defined at this level

* 1. **RISK CATEGORIES**

The system will have the capability to define the various risk categories applicable.

Risk categories definition inputs;

* Risk ID
* Description

* 1. **XOL TREATIES**

The system will have the capability to predefine the XOL treaties and their setup.

XOL treaty definition inputs;

* Description
* Type (Working, Catastrophe)
* Minimum Deposit
* Deductible Limit
* Maximum Adjustment factor
* Maximum Claim Limit
* Layer
* Premium Adjustment Rate
* Maximum Claim Limit
* Minimum Adjustment factor
* Currency
* Account Period (Yearly/ Monthly/ Quarterly)
* Loading Adjustment factor
* Participants

# **Marketing & Quotations Module**

* 1. **QUOTATIONS**

The Quotations functionality in the system will enable the sales representative or marketer to quickly respond to clients’ request for quotations and/or revision to quotations.

To be able to give a quotation, the marketer would have to obtain certain details from the prospective client/agent. Such information may be as minimal as client name, type of insurance cover required and the sum insured or as detailed on the proposal form for the type of insurance product requested.

*The system will have an option to attach* a company profile to the quotations.

* + 1. **Capture Set - Up Parameters**

The system will enable the user to capture the detail below prior to processing quotations.

The details are

* Capture new clients
* Capture new prospects
* Capture new accounts (Insurance Companies, Brokers, Agents, Reinsurance Companies)
* Capture quotation number formats
* Capture the classes of business
* Capture products
* Capture Sections
* Capture cover types
* Capture the premium rates
* Capture taxes (Policy Holder Fund, Training Levy, Stamp Duty, Withholding Tax, Value Added Tax etc)

* + 1. **Quotation Level Details –**

The system shall allow capture of the quotation level details which are provided once per quotation. The details are

* Quotation Parameters
  + QUOTATION\_EXPIRY: Number of Months a quotation is valid
  + QUOTNOFORMAT: Number format of the quotation number
  + QUOTNOSERIAL: Serial running across for example if per branch, per year or per product
  + QUOTNOSRLENGTH : Length of the above serial
* Quote Number and processing dates- Auto generated by the system per the parameters set
* Quote to can either be to a client or a prospect already defined in CRM
* Source either Email, Fax, Telephone, SMS, Tender or Other
* Quotation Type - either direct or through intermediary – Where the intermediary already exists, it will be selected from the intermediaries list of values.
* Client – Selected from a clients list of values where exists but a screen will be provided to define new clients.
* The system will allow specifying campaigns as source of business and user should be able to select from a list the campaign in the system.
* Marketer – This will suffice where the marketing department wants to keep track of quotations done per marketer.
* Branch – The branch from which the quotation has been done from.
* Currency - This is the currency in which the quotation is expressed.
* Previous Insurance history (Claim experience) – obtained from the client/intermediaries in the case of new clients. For existing client, the system will display the client’s claims experience.
* Location (s) of risks and their distribution.
* Quotation expiry date – This is the date
* General Comments that the underwriter might want to append.

* + 1. **Product Level details**

The system shall allow a quotation to be prepared for multiple products. The information for each product shall be collected separately. For each product the following information shall be required.

* Product Level details- A quotation could be prepared for more multiple products. Information for each product is collected separately. For each product the following information will be required.
* Product code (to be selected from a setup listing of products to be defined in the system)
* Products cover extensions- All the extensions that apply to all the risks in products to be specified at the product level.
* Product warranties (Includes excess/claim - deductible) - those that will apply to all risks in the product. The products should be coded and filled by the products they apply to.
* Cover dates or cover days- The dates / days specified at quotation level can be assumed as the default, but to enter product specific dates/days to be provided.
* The taxes applicable – provide for capturing of default taxes applicable and the ratings.
* Cross - selling - On the tab for cross selling user should be able to select which other product to suggest to the client to buy.

* + 1. **Risk details**

The system shall provide for specifying of multiple risks for each product on the quotation. The information that shall be collected for each risk includes;

* Sub class code- this is to be selected from a list of sub classes defined in the system.
* Risk identifier e.g., Vehicle number, plot number.
* Risk specific cover sections- those that will only apply to this risk
* Risk specific warranties (includes excess/claim - deductibles) - those that will only apply to this risk.
* Premium rating factors – capture risk premium rating factors and the default ratings that can be changed by the underwriter/marketer.

* + 1. **Quotation processing**

The quotation can be done for multi products and multi risks per product.

The system shall enable the user to do the following:

* Auto - generate quotation number in a given format defined at setups
* Attach product clauses.
* Attach clauses specific to risk
* Define risks giving details as mentioned above.
* Define the premium computation sections including discounts and loadings
* Compute premium by applying the provided rate to the limit amount, deducting discounts, adding loadings, and escalations.
* The premium is shown per product including the taxes and other charges.
* The total amount payable for all the risks and products is shown on the quotation.
* Parameterized levels of authorization provided before releasing quotations to clients or intermediaries.
* The system allows revision of quotations while maintaining history of all authorized changes. For every revision, a revision quotation numbers is generated by concatenating a revision number separated a slash e.g., 301/1 where 301 is the original quotations and /1 represents the 1st revision.
* Every quotation has an expiry date. The quotation details to be stored for reprinting and/or viewing at any other time through enquiry
* The tracking of tender, email, sms, telephone, fax quotations requested for by various intermediaries and track history of each of the quotations individually.
* It is possible to track quotation done after given period by clients and not the quotation numbers. Quotation regarding the same client revised or copied to various intermediaries should be listed as one quotation.
* Generate Letters and Memos for the quotes and send via email
* Send quotations via email or sms to clients or intermediaries
* Manage cross selling per client per branch
* Manage quotation statuses
* Importing risks per product. Risks are imported from a csv template
* Converting quotations into policies
* System will allow Auto - generation of quotations from existing policies in cases where the policy was done without a quotation.

* + 1. **Quotations Outputs**

The system shall provide the reports listed below

* Quotation Report- Excess specified during the quotation process of proposal details entry will be reflected on the quotation.
* Quotation Premium workings report – both summary and detailed.
* Quotation report by client over a period.
* Quotations per intermediary
* Quotes per source and conversion ratio
* Quotes per class and conversion ratio (failed/successful quotation).

Deductibles need to be included as per the IRA minimums and should appear on all quotes

* + 1. **Client Visits**

The system shall provide a functionality to record visit details i.e., nature of visit, clients visited, client feedback, date of next visit action after visit, prospects for organic growth.

The system will provide a functionality to allow marketers to record/ share information gathered during client visits such as complaints, compliments, feedback on quotes, new developments, new requirements etc.

#### **Client visits outputs**

* *Leads on prospective clients report.*
* *Marketers visits report*

* + 1. **Promotion, publicity and advertising**

*The system will provide functionality to allow marketers to record details concerning* sales and marketing initiatives of promotion, publicity and advertising.

Inputs;

* *no. of attendees & contacts*
* *no. of visitors to the stand*
* *no. of persons and their details for those who expressed interest*
* *Business closed.*

* + 1. **Promotion, publicity and advertising**
* *Publicity events’ report*
* *Business obtained*
* *Costs of the event*
* *Cost/benefit analysis*
* *Publicity related sales report*
* *Events cost analysis report with the following details:*
* *Business obtained*
* *Costs of the event*
* *Cost/benefit analysis*
* *Events feedback report*
* *Prompts/reminders on upcoming events*
* *List for service providers*
* *Analysis of promotion costs by event*
* *Calendar of events for accessibility by relevant marketing staff*

* + 1. **Debt management**

The system shall provide functionality for maintaining an online aged analysis of the intermediary statement of account, which can be generated at any time.

* + 1. **Budgeting**

The system provides for a capability to capture budgets

The system shall provide functionality for setting budgets per account type, per branch, per product, per account, per month, and the amount budgeted for is the expected premium.

# **Underwriting Functions**

* 1. **INTRODUCTION**

Underwriting is the procedure by which an insurer evaluates the risk of a proposal and decides whether or not to enter into contract and if so on what terms. An important part of underwriting is deciding what price to charge for the insurance and then collecting all the relevant information required to fully understand the risk and document the terms of the contract between the insurer and the insured.

The Underwriting (UW) function in TurnQuest GIS is meant to assist the insurer in the UW process by among other things as explained in this document, collecting all the relevant information, calculating premium and maintaining insurance contracts.

The UW process is done using the same user interface for all the classes of insurance irrespective of the type of transaction. Every transaction is initiated by generating a transaction number that uniquely identify that transaction in the TurnQuest GIS System. Each transaction is assigned a transaction type code that can easily be used to determine the type of transaction. Other information kept per transaction includes transaction number, date, policy number and insurance product.

* 1. **TRANSACTIONS PROCESSING**

The systems underwriting module shall provide for the following transaction types:

* New business (full cover/short period)
* Endorsements
* Extension endorsement
* Declaration endorsement
* Cancellation endorsement
* Non premium items endorsements
* Adjustments (revision of sum insured/addition or deletion of risks etc)
* Reuse of Contras
* Past period endorsements
* Renewals
* Contra transactions
* Load Policies
* Lapsing Policies
* Reinstating Policies

* 1. **NEW BUSINESS (NEW POLICY)**

The system shall provide for underwriting transaction resulting into a new cover agreement for the insurer.

New policy transaction could be as a result of a new client requesting for cover or a client requesting for additional cover that cannot be added to an existing policy. This information is captured through a proposal form or directly captured by talking to the client. Risk notes from intermediaries can also be used. Quotation can also be converted into a policy thereby reusing the information captured at quotation stage.

A new business can be full term that is full year or short period cover, which is less than twelve months or a period more than twelve months.

A new business (new policy) can also be tagged as renewable or non - renewable. That is the underwriter will be able to state whether a policy is renewable on expiry of cover period.

* + 1. **New business details**

The system shall provide for capturing of the following details which are required for any new business transactions in TurnQuest GIS.

(All are required except where indicated)

* Client Information- This is the company or individual requesting for cover for property or responsible of several insured. A client must be specified for all new policy u/w transaction. If client doesn’t exist provision for defining new client is available. Need to check on duplication of clients accounts.
* Product Type- These are the various products that have been defined in the system. If a product is offered on accommodation or prerequisite basis, validation is done to ensure the client has an existing policy and warns the underwriter if the client does not meet the requirement. The underwriter can choose to ignore this requirement.
* Cover Dates.
* Currency (Defaults to the Base currency).
* Payment mode (cash/accrual)
* Branch (defaults to the user branch).
* Marketer – selected from a list of marketers
* Other parties with interest in the risk (optional).
* Premium financed- policyholder contracts with a lender to pay the insurance premium on his/her behalf. The policyholder agrees to repay the lender for the cost of the premium, plus interest and fees. (optional)
* If coinsurance is required and coinsurance details (optional).
* Agency (default to direct client if none provided) - The source of business e.g., Broker, Agent, sub - agents or even insurance companies. By default it is assumed to be direct except where specified. If through the Agent Ref No is captured in the system
* Proposer / Holding Company (optional) - To capture proposers or holding companies where different from the client. This should be picked from a list predefined in the system with a provision for defining additional proposer or holding company if not already defined.
* Insured (s) – Insured (s) are the parties covered or owners of the risks depending on the type of cover. In cases where the clients seek cover for own property, the client then becomes the insured too. Insured must be provided for any new business transaction. (**NOTE:** In Personal Accident cover, the insured (s) may also be the risks.)

**Risks to be covered**- The risk level information required vary depending on the class of cover. However, for every risk, the following is required:

* Item’s unique identifier e.g., registration number, plot no, serial number or any other parameter that could be used to identify every risk.
* Value of the risk (total value where several risks are combined) or limits of liability.
* Risk Code (Defines the class of insurance).
* Sections- These are selected from the various sections defined for the risk’s sub - class. *Refer to Premium Calculation below*
* Clauses- Any clauses that need to be attached to the risk. Selected from the various clauses defined for the risk’s sub - class.
* Perils – Any ~~special~~ perils attaching to the risk.
* Excesses – Any excesses applicable in case of a claim to be attached.
* Cover type – The cover type should be filtered by class of business.
* Period rates
* Risk classification (optional) – E.g., Class I risk or category
* Risk survey details (date, surveyor, surveyors report)
* Risk location
* Earthquake region (where applicable)
* Grouping/linking of risk (where applicable)
* Territorial limits
* Estimated Maximum Loss/ Top Location
* Limit of liabilities.
* Risk schedule - Risk specific details- The risk specific details vary depending on the risk’s sub - classes. The system should be able to capture and maintain risk specific schedules.

**Coinsurance details**

The details required for coinsurance are:

* Name of the co-insurer.
* Co-insurers’ addresses, telephone, fax numbers and email address, and mailing town.
* Whether the co-insurer is a leader or a follower.
* Whether the coinsurance is leader combined or separate – Need more clarification from turnkey.
* Co-insurers’ percentage of risk cover.
* Co-insurers’ premium amount.
* The Co-insurer’s account details.
* Coinsurance policy number (Optional)
* Servicing fee rate which can even be zero.

* + 1. **New Business Processing**

#### **Policy number generation**

The system shall provide for generation of the policy number based on the number format provided and setup. The serial number will be an auto - generated sequence to be maintained by the system per branch, per product, per year. The format to be used is;

**[TY][YY][PROD][SERIALNO]** for both facre in business and normal business. Isaac to clarify on the per branch

#### **Endorsement numbers**

The system shall provide for generation of an endorsement number for every endorsement transaction and this shall be used to uniquely identify every transaction done on a policy and sequential. The format is;

**[Policy number][year][serial]** **– Isaac to clarify**

#### **Premium computation**

The system shall provide for Premium calculation at the sections level for each risk defined.

Default premium rating will be used where predefined.

An example of a section is Buildings, Contents, Value of vehicle, alloy rims, Third Party Fire and Theft etc.

The premium sections can be of the following types:

* Sum Insured Premium- based on the sum insured of the risk and forms part of the Sum Insured
* Limit Premium- based on a limit of cover/liability that does not add up to the sum insured.
* Sum Insured Extension- Same as Sum Insured Premium, however, signifies an extension that forms part of the sum assured.
* Limit Extension- Same as Sum Insured Extension but does not form part of the Sum Insured
* Loadings- addition premium added or applied to the Premium calculated depending on the level applied as will be shown below.
* Discounts- applied to reduce the premium calculated. The discount amount depends on the level at which discount is applied as will be shown below. Several discounts can be applied in the premium calculation process. Discounts and loadings may be applied in layers, applying to sections or premium items above the discount.
* Escalation- An escalation has the effect of increasing SI used for R/I apportionment and the premium.

Premium computation example (Homeowners cover)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Section | Section - type | Section - limit | Free  Limit | Rate | Rate - divisor | Premium |
| Building | SS | 1, 200, 000 | 0 | 2. 0 | 1000 | 2, 400 |
| Contents | SS | 200, 000 | 0 | 0. 5 | 1000 | 400 |
| All Risks | LE | 25, 000 | 0 | 2. 0 | 1000 | 50 |
| Owners Liability | LE | 500, 000 | 0 | 500 | 1 | 500 |
| Special discount | DS |  | 0 | 10 | 100 | (349) |
| Total | Sum insured (SI) = 1, 400, 00 |  |  |  |  | 3, 001 |

Premium computation example (Motor)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Comprehensive | SS | 740, 000 | 100, 000 | 10 | 100 | 6, 400 |
| Alloy Rims | ~~L~~SE | 15, 000 | 0 | 10 | 100 | 1, 500 |
| Total | Sum insured (SI) = 755, 000 |  |  |  |  | 7, 900 |

The premium rates can be defined per:

* Subclass.
* Territorial limit
* Cover type

Specific agreement with a broker or agent

The sum insured or limits can also be subject to free limits.

Multiplier ratings can also be applied on the premium rates.

Flexibility is provided to take care of the various premium rate types. e.g.,

* Fixed- e.g., 20% or a flat amount
* Recurring- e.g., 10/= per 20, 000
* Range (Absolute) - e.g., 10/= between 0 - 500, 15 between 501 and 1000, 17. 50/= for anything over 1001/=
* Range (Step) - e.g., 10/= for the first 1000, 7. 50/= for the next 5000 and 5% for the rest.

The rates can be a percentage, per mille, any other division factor or an amount.

For every section, a minimum premium can be specified and whether the rate is to be prorated or charged in full. If the premium computed for the particular section is less than the specified minimum premium, TurnQuest GIS defaults the section premium to the minimum premium applicable.

A minimum premium can also be predefined per policy or the subclass.

The default rates can be overridden but authorization will be required for the transaction to be authorized.

Premium calculation is done per risk in the order in which the sections are specified from top to bottom for every group specified. Discounts, loadings and escalations only apply to the premium items above them and in the group in which they are defined.

The premium rate is applied on the section sum insured or limit less the free limits.

The system also provides for non - computation of premium as an option. The underwriter is therefore free to specify a different premium rate or not charge any premium for the section.

TurnQuest GIS shall allow the underwriter to specify sub classes or sections that require declaration and subsequently tracks the premiums on the section to for correct computation of premium upon declaration at the end of the period.

The system enables the underwriter to override the premium computed at the risk level (also called but charge premium). This however requires extra authorization before the transaction can be authorized.

Every section can uniquely be identified in the system and allows reports that show accumulation per section e.g., earthquake accumulation reports.

Estimated Maximum Loss (EML) for reinsurance purpose can be specified at the section level and at risk level.

The risk premium is obtained by summing up the sections premium.

The total policy premium is obtained by summing up the premium for all the risks on the policy.

~~TurnQuest GIS computes and debits 100% premium~~ where the policy is coinsurance and Heritage Insurance Company is the leader. ~~The co-insurer’s shares are computed based on their coinsurance share and credited to their accounts at authorization of the transaction.~~ Servicing fee is computed by applying specified servicing fee rate on the co-insurers’ share of premium and debited to their accounts. The premium posted to our account is on our share only. However, the schedule should indicate 100% premium. The premium working report will also indicate 100% but also compute our share of the premium.

Agency commission is computed by applying the predefined commission rate on the gross premium. The commission rate can be changed but this required extra authorization before the transaction can be authorized.

Policy servicing fee is computed by applying the predefined rate on the coinsurer’s gross premium share.

For facultative inward policy, if the ceding insurance company had obtained the business through an agency, the agency commission for that agency is computed in addition to the facultative commission and is payable to the ceding company***.***

Taxes are computed by the system. Withholding tax is computed on the brokerage commission by applying a predefined withholding tax rate specified per intermediary type. Any other applicable taxes are computed based on a rate specified. Flexibility is also provided to take care of taxes that vary or are specific to certain products. The taxes can be flat amount or a rate to be applied to policy sum insured or premium.

The system will also compute policy servicing fees for brokers as per the rate setup, all LTA in GIS needs to change as confuse users on classes where there is an LTA discount (fire etc.) Statement not clear. Turnkey to clarify.

#### **Certificate Allocation**

TurnQuest GIS provides functionality to allocate certificates to motor class risks and print.

The certificates allocated to a risk are restricted to the certificate lot allocated to the same branch as the risk.

The underwriter can allocate a certificate to a risk even before premium debiting is done as long as the risk registration number is specified on the policy transaction. All certificates issued to risks on un - authorized policies can be obtained for follow - up.

TurnQuest GIS provides a screen to enable certificate returns from brokers to be recorded for tracking and reporting.

A risk cannot be allocated more than one active certificate for the same period.

Certificate type to be allocated to a risk is restricted to the risk cover type and cannot be changed unless the risk cover type is changed first. System should allow with exception.

Certificate dates cannot be backdated beyond the date on the day of allocation.

A risk can be allocated more than one certificate which must be within any one active cover period. However, certificate dates cannot overlap within the effective cover period unless the earlier allocated certificates have been cancelled. Only one active certificate is allowed for any overlapping period.

The user cannot change any of the details on the certificates from what is specified at underwriting except the cover dates that can be changed but still restricted to the cover periods of the policy. A provision for editing the name of the insured should be provided so as to fit certificate (i.e. where the name is too long)

The details required for certificate printing are:

* Policy number
* Risk registration number
* Risk period of insurance
* Certificate type derived from the risk cover type
* Client/inured name
* The system provides for:
* Capturing of certificate usage schedules from the branches and brokers
* Matching each certificate to the specific risk allocated
* Marking the spoilt certificates
* Generating a report on certificate usage per branch and per broker.
* Generating a report on spoilt or cancelled certificates

#### **Risk reinsurance apportionment**

The system shall provide for Reinsurance Apportionment (R/I) which is done at risk level and based on the Reinsurance setups (arrangements) specified in the reinsurance setup as further defined in the reinsurance section of this document. For risks with a sum insured greater than the treaty capacity, the system provides the functionality to cede to facultative reinsurers. The system should however not allow for authorisation of a policy unless the risk has fully been reinsured.

Treaty Apportionment

Risks are apportioned to the treaty arrangement that is defined for the risks class of business. A treaty arrangement can be defined to cover more than one class of business with every class having its retention limit. Refer to reinsurance department.

Treaty parameters are set in the beginning of the year by the reinsurance department. Please refer to the reinsurance chapter for more information on reinsurance setup and other reinsurance functions. This section only covers underwriting reinsurance cessioning.

The risk will be apportioned on the following basis:

Sum Insured – Where the risk apportionment is done based on the risk sum assured.

Top location basis – where a top location is specified on a risk and reinsurance apportionment is done based on the top location specified instead of the actual sum assured.

Estimated Maximum Loss basis – where an estimated maximum loss expressed as a percentage is specified and the reinsurance is then based on this percentage of the risk sum insured instead of the actual sum insured.

Grouped risks basis – where risks on a policy or different policies are grouped and the reinsurance apportionment done based on the aggregate sum insured/EML/Top location. Example is where a fire and a consequential loss risk are considered a single risk for the sake of reinsurance. This is done where a company would like to reduce the exposure on related risks.

Where a risk does not have a sum insured, the system bases it reinsurance apportionment on a reinsurance amount specified by the underwriter or simply distributes the premium to the treaties based on the sharing percentages.

Where Estimated Maximum Loss (EML) expressed as a percentage is specified by the user, the sum insured for RI purpose is calculated based on the EML percentage of the actual sum insured. Where a maximum and minimum EML is specified in the treaty arrangement, the system raises an exception where the users specify an EML outside the range. Example is, for a risk whose sum insured is 100, 000 and an EML of 60% is specified by the user, the risk reinsurance apportionment sum insured will be 60, 000 (i.e., 100, 000 \* 60 /100).

The system provides the functionality for definition of retention limit, minimum EML and maximum EML for different categories of risks. The categories could be used to indicate risks quality e.g., Class I risk could be considered a good risk and have a higher retention limit than a class II risk.

TurnQuest GIS provides flexibility to provide EML for a risk sections. Section EML only applies to that section before accumulating to the risk reinsurable amount e.g., a fire risk with buildings section and a contents section. The user can specify an 80% EML on the buildings sections and this does not affect the contents sections.

#### **Single Risk Apportionment**

The system shall provide functionality of apportioning ~~ed to~~ reinsurance of a single risk (as opposed to a grouped risk). For a single risk, the reinsurable amount is determined based on the sum insured/first loss sum insured. The reinsurable amount could also be based on top location or EML where specified by the user. The following is the process followed by the system to apportion the risk to treaty arrangements.

The system shall provide the company flexibility to define different types of treaty arrangements by combining the various types of treaties.

For an arrangement containing a mandatory treaty, the system first cedes to the mandatory treaty before considering any other types of treaty. The system then determines the gross retention based on the treaty setup done by RI department. The system then cedes to the quota share treaty based on the gross retention determined above for a treaty arrangement with quota share treaties before ceding to the surplus treaties. Where the treaty capacity has been exhausted, the system then makes the excess available for facultative placement.

Example: if you have a risk with a reinsurable amount of 1, 000, 000 and premium of 10, 000, the reinsurance based on a gross retention limit of 100, 000, the reinsurance will be as follows for a treaty arrangement of only one mandatory treaty of 5%

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Mandatory | 50, 000 | 5% | 5, 000 |
| Retention | 100, 000 | 10% | 10, 000 |
| Facultative | 850, 000 | 85% | 85, 000 |
| Gross | 1, 000, 000 | 100% | 100, 000 |

For a treaty arrangement of one quota share treaty of 40%

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Quota Share | 40, 000 | 4% | 4, 000 |
| Retention | 60, 000 | 6% | 6, 000 |
| Facultative | 900, 000 | 90% | 90, 000 |
| Gross | 1, 000, 000 | 100% | 100, 000 |

For a treaty arrangement of one surplus treaty of 5 lines

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Retention | 100, 000 | 10% | 10, 000 |
| Surplus | 500, 000 | 50% | 50, 000 |
| Facultative | 400, 000 | 40% | 40, 000 |
| Gross | 1, 000, 000 | 100% | 100, 000 |

For a treaty arrangement with 3 treaties including a 5% mandatory treaty, a 40% quota share treaty and a 5 lines surplus treaty

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Mandatory | 50, 000 | 5% | 5, 000 |
| Retention | 60, 000 | 6% | 6, 000 |
| Quota Share | 40, 000 | 4% | 4, 000 |
| Surplus | 500, 000 | 50% | 50, 000 |
| Facultative | 460, 000 | 46% | 46, 000 |
| Gross | 1, 000, 000 | 100% | 100, 000 |

#### **Related risk (group risk) apportionment**

The system shall provide functionality for reinsuring two or more related risks. The following example shows how two related risks are reinsured in TurnQuest GIS. In this example, assume two risks, risk A is a fire risk and Risk B is a Consequential loss at the same location.

Risk A with a sum insured of 15, 000, 000 and premium of 60, 000

Risk B with a sum insured of 5, 000, 000 and premium of 20, 000

A treaty arrangement with a retention limit of 5, 000, 000 and with a surplus treaty of 3 lines

To compute how much to retain per risk, the system aggregates the reinsurable amount on both risks and determines the retention percentage based on the aggregate amount. The percentage is then used to determine the retention limit on each risk. The retention limit on each risk is a percentage of the arrangement retention limit where the percentage is the risks percentage of the groups aggregate sum insured i.e., the aggregate retention on all the risks in the group should not be more than the treaty retention limit.

For the risks given above, the apportionment will be done as follows:

Get the total sum insured on both risks which in this case is 20, 000, 000 (note the underwriter can decide to use an estimated maximum exposure of either risk thereby changing the group reinsurable amount accordingly).

Compute each risks share ratio of the gross exposure amount: therefore

Risk A ratio = 15, 000, 000 / 20, 000, 000 \* 100 = 75%, and

Risk B ratio = 5, 000, 000 / 20, 000, 000 \* 100 = 25 %.

The retention limit is calculated for each risk by adjusting the retention limit for each risk by the risks ratio of the aggregate reinsurable amount

The risks will be apportioned as follows:

* + - * 1. **Risk A apportionment**

The treaty retention limit = 5, 000, 000

The adjusted retention limit is 5, 000, 000 \* 75 /100 = 3, 750, 000

Risk sum insured is 15, 000, 000

Premium to apportion = 60, 000

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Risk  SI | Group  SI | Premium |
| Retention | 3, 750, 000 | 25% | 15, 000 |
| 1st surplus | 11, 250, 000 | 75% | 45, 000 |
| Totals | 15, 000, 000 | 100% | 60, 000 |

* + - * 1. **Risk B apportionment**

The treaty retention limit = 5, 000, 000

The adjusted retention limit is 5, 000, 000 \* 25 /100 = 1, 250, 000

Risk sum insured is 5, 000, 000

Premium to apportion = 20, 000

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Risk  SI | Group  SI | Premium |
| Retention | 1, 250, 000 | 25% | 5, 000 |
| 1st surplus | 3, 750, 000 | 75% | 15, 000 |
| Totals | 5, 000, 000 | 100% | 20, 000 |

Note that both the risks will be shared in the same ratios and each risk can be apportioned independently.

Note that the risk B can now be spread up to the first surplus treaty, but if the risk were placed individually, the entire sum insured would have been retained.

Limitations

The underwriter must be able to relate the risks.

Relating risks can only be done for classes of insurance that are reinsurable by the same treaties

System should only allow relating risks of the same classification.

***Facultative Reinsurance***

The system provides the functionality to apportion any excess sum insured left over after the treaty capacity has been exhausted to facultative reinsurers. The user can also optionally cede to a facultative reinsurer before ceding to the treaties even where the risk is within the treaty capacity. However, the system raises an exception that has to be authorised before the transaction can be authorised.

The following are the processes involved in facultative placement.

The system determines the excess over treaty capacity to be placed facultatively. ~~A different excess amount.~~

The user then selects various reinsurers to place the excess with indicating what share of the excess they are invited to take. The system ensures that any coinsurance participants on the risks are not selected for facultative placement – System should not restrict on this. It should be possible to allow with exception. At this point, the user can then draft a letter (offer slip) to the various reinsurers using the TurnQuest GIS memos & Letters modules.

Upon receiving confirmation (filled offer slips) from the selected reinsurers and ensuring that any left offers are taken up, the users then updates the system with the final placement percentages and the system computes commission for each reinsurer and the premium.

At this point the facultative placement is considered ready for authorisation and the crediting of account is done upon authorisation as further explained in the authorization section below. Offer letters or slips are done immediately we are aware that we have excess (not enough capacity) and we are on cover. This is even before the risk is debited.

NB: More details on R/I have been provided in Reinsurance section of this document.

#### **Authorization**

Every transaction must be authorised by an authorised officer for the transaction to be effective in the TurnQuest GIS. The authorizations can be hierarchical and should be predefined in the system such that it’s controlled automatically.

Authorization cannot be done unless the risk is fully reinsured where the risk is beyond the excess defined.

Where a user does not have the necessary authority to authorise a transactions, the user can reassign their ticket in the system for her superiors to authorize. Even where the user has authority to authorise a transaction, the user can still leave the ticket in the current state to be worked on later especially where certain confirmations are still awaited.

On authorization, the computed values will be posted to the relevant accounts in FMS as per **Appendix 7.**

All this entries are posted at authorisation in real time. Upon authorisation, the various statements are updated and the journal entries posted to the TurnQuest General Ledger.

#### **New Business Reinsurance Outputs**

* Servicing fee notes
* Premium debit note
* Facultative credit note
* Coinsurance schedule
* Policy schedule
* Policy document
* Policy attaching clauses listing and wording
* Premium working report for checking how computation has been done (internal document)
* Servicing fee debit notes / credit note
* Cover note- A cover note is issued once business has been confirmed. It is a binding document and it acts as a confirmation of cover. For motor vehicles a certificate is issued instead. (System should allow for issuing of cover note for one policy or a selected number of policies for a client, including policies with subclasses)

* 1. **ENDORSEMENTS**

The processing of endorsements will be effected through a transaction. A transaction number and a transaction type code uniquely identify the transaction.

* + 1. **Revision of Cover (Additional Premium)**

This type of endorsement will arise as a result of:

Increase/decrease of sum insured on existing risks in the policy

Addition of a new risk in the policy

Extension of cover period

Upward revision of premium rate

Withdrawal of discounts rates

Inclusion of loading rates

#### **Revision of Cover (Additional Premium) Inputs**

The inputs for the revision of cover transaction will depend on the kind of changes required on the terms of cover. This information can be obtained from intermediary risk notes, or request for changes directly from clients.

#### **Revision of Cover (Additional Premium) Processing**

Revision of cover transaction can only be done on an existing policy. The history on any transactions done and authorized on a policy will be kept and cannot be altered. The system creates a new snapshot of the policy records for the sake of making changes to it. The underwriting user interface in the system is maintained for all underwriting transactions therefore addition of insured’s and risks is similar to the process in new business transactions. The following is a listing of the functionality for revision of cover in GIS:

* If the change is an addition of a new risk, Identify the existing insured to add a risk to.
* If it’s a new insured, capture the details of the new insured just like in the new policy. Search mechanism is provided to enable the user search the database for existing insured to avoid duplications.
* Risk (s) details will be captured including sections and premium items, just like a new policy.
* Validations will be done to ensure that, the risk period of insurance is within the policy period of cover.
* Clauses can be added/deleted to the policy or risks.
* The premium will then be computed just like at the new business (for the new risk). The system provides flexibility to determine whether the premium should be computed using short period rates, prorated or charged in full.
* If the change is addition of an item to an existing risk,
* Identify the risk to add the item to.
* Specify the section and the premium rates to be added.
* Capture the new sum insured or limits
* The premium is computed and then prorated for the outstanding cover days.
* Capture risk and policy clauses.
* Update the risk schedule (capture afresh for a new risk only).
* If the policy is coinsurance, TurnQuest GIS computes the coinsurance premium and servicing fee on the prorated premium. Servicing fee on revision endorsements is optional.
* TurnQuest GIS computes the agency/broker commission, various taxes if applicable based on the prorated premium.
* If the policy is facultative inward, the commission to the ceding company is calculated at a percentage in addition to the brokerage commission. This commission is prorated.
* TurnQuest GIS enforces the minimum premium specified in the setup area. If the additional premium computed is less than the minimum premium, then minimum premium is charged. However the user can choose to override by providing a but - charge premium that requires extra authorisation. This also applies to refunds where if the computed refund premium is below the minimum endorsement refund premium, no premium is refunded with a provision for the underwriter to override. For new business and renewals the system would default the minimum premium but also allow user override in case the premium computed is less than the minimum premium.
* If the class is on declaration, the system accumulates the charged premium per section/premium item.
* TurnQuest GIS provides the flexibility to capture new risks, and amend existing risks within the same transaction

#### **Revision of Cover (Additional Premium) Allocation of risk certificate/processing**

The system allows for allocation of certificates to motor risks both at the point of underwriting and any other time and this can be automated if the certificate type is defined in the certificates setup.

Validation will be done to ensure that the risk can only have one active certificate at any one time.

#### **Revision of Cover (Additional Premium) Risk reinsurance apportionment**

Placing of the new risk reinsurances

The new risk is apportioned in the same way as stated in the new business reinsurance apportionment.

Apportioning existing risk with extra sum insured.

The addition sum insured is cessioned to the outstanding treaty capacity. (If the net capacity and the treaty capacities are exhausted, the addition risk percentage is ceded to facultative reinsures).

The risk - sharing ratio for all the reinsures is recomputed.

Example:

Assuming the risk was cessioned as follows before the endorsement.

Risk A sum insured = 1, 000, 000 Premium = 10, 000

EML = 80%

Retention limit 100, 000

Treaties – 1st and 2nd surplus on 10 lines each.

The risk was apportioned as follows

Risk A. the amount used for apportionment is 1, 000, 000 \* 80 /100 = 800, 000

**Risk Apportionment**

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Retention | 100, 000 | 12. 5% | 1, 250 |
| 1st surplus | 700, 000 | 87. 5% | 8, 750 |

Assuming the endorsement caused an increase of sum insured by 500, 000

The risk will be apportioned as follows:

The total sum insured = 1, 500, 000

The additional sum insured = 500, 000

Additional premium = 2, 500

The sum insured adjusted by the 80% EML = 500, 000 \* 80 / 100 = 400, 000

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Treaty | Previous SI | Additional SI | New Share rates | Additional  Premium |
| Retention | 100, 000 | 0 | 8. 3333% | 0 |
| 1st surplus | 700, 000 | 300, 000 | 83. 3334% | 1, 875 |
| 2nd surplus | …………….. 0 | 100, 000 | 8. 3333% | 625 |
| Totals | 800, 000 | 400, 000 | 100. 0000% | 2, 500 |

The above apportionment is wrong. The apportionment will be as per the table below as the additional premium will be allocated based on the revised apportionments inclusive of our own retention %age.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Treaty | Previous SI | Revised sum insured Apportionment based on 80% EML of 1.5M | New Share rates | Additional  Premium |
| Retention | 100, 000 | 100,000 | 8. 3333% | 208.25 |
| 1st surplus | 700, 000 | 1,000, 000 | 83. 3334% | 2,082.5 |
| 2nd surplus | …………….. 0 | 100, 000 | 8. 3333% | 208.25 |
| Totals | 800, 000 | 1,200, 000 | 100. 0000% | 2, 500 |

#### **Revision of Cover (Additional Premium) Authorization**

Authorization is similar to that described at new business.

The authorization limits predefined are automatically enforced.

#### **Revision of Cover (Additional Premium) Outputs**

The system shall provide for the following reports;

* Premium debit note
* Facultative credit note
* Coinsurance schedule
* Policy document/schedule/specification
* Policy attaching clauses listing and wording
* Premium working report
* Servicing fee debit notes / credit note
* Endorsement report

* + 1. **Revision of Cover (Refund Premium)**

This type of endorsement is caused by:

* Reduction of sum insured on existing risks in the policy.
* Withdrawal of a risk from cover
* Reduction of cover period
* Downward revision of premium rate
* Addition of discounts rates
* Exclusion of loading rates

#### **Revision of Cover (Refund Premium) Inputs**

The inputs for the refund revision of cover transaction will depend on the kind of changes required on the terms of cover. This information can be obtained from intermediary risk notes, or request for changes directly from clients.

#### **Revision of Cover (Refund Premium) Processing**

* Refund Revision of cover transaction can only be done on an existing policy. The history on any transactions done and authorized on a policy will be kept and cannot be altered. The system creates a new snapshot of the policy records for the sake of making changes to it. The following is a listing of the functionality for refund revision of cover in GIS:
* If the change is withdrawal of cover or reduction of the cover period:
* Identify the risk to reduce cover period.
* Reduce the cover period by adjusting the cover dates.
* Premium will be computed using the same rates used previously, or according the underwriters choice.
* The premium will be prorated or computed using the short period rates.
* The refund premium will be the prorated total premium collected or compute premium for the days of cover reduced using the short period rates.
* If the change is reduction of sum insured:
* Identify the risk to reduce sum insured.
* Adjust the sum insured or the retention limits to the required amount.
* The existing premium rates are used but can be varied.
* The premium computed will be prorated and validated against the minimum premium allowed.
* Update the risk schedule (the existing schedule to be updated). For motor the schedule should update automatically.
* The endorsement effective dates should be from the effective transaction date to the cover to date of the risk.
* Attach risk certificate for motor class if required. Validation will be done to ensure that only one certificate is active.
* Make any alteration/additions/deletions to risk and policy clauses.
* TurnQuest GIS computes the agency/broker commission, taxes if any, based on the prorated premium.
* If the policy is facultative inward, the refund commission from the ceding company will be calculated at a percentage in addition to the refund brokerage commission. This commission will also be prorated.
* While computing premium, TurnQuest GIS will validate the endorsement premium. If the refund premium computed is less than the refund minimum premium allowed, then no premium is refunded.

#### **Revision of Cover (Refund Premium) Risk reinsurance apportionment**

Apportioning existing risk with reduced sum insured.

Reinsurance apportionment is computed based on the new risk sum assured.

Example:

Assuming the risk was placed as follows before the endorsement.

Risk A sum insured = 1, 000, 000M Premium = 10, 000

EML = 80%

Retention limit 100, 000

Treaties – 1st and 2nd surplus on 10 lines each.

The risk was apportioned as follows

Risk A. the amount used for apportionment is 1, 000, 000 \* 80 /100 = 800, 000

**Risk A apportionment**

|  |  |  |  |
| --- | --- | --- | --- |
| Treaty | Sum Insured | Share rate | Premium |
| Retention | 100, 000 | 12. 5% | 1, 250 |
| 1st surplus | 700, 000 | 87. 5% | 8, 750 |

Assuming the endorsement caused a reduction of sum insured by 500, 000

The risk will be apportioned as follows:

The total sum insured = 500, 000

The reduced sum insured = 500, 000

Refund premium = 2, 500

The sum insured adjusted by the 80% EML = 500, 000 \* 80 / 100 = 400, 000 (to reduce)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Treaty | Previous SI | Reduced SI | New SI | New Share rates | Refund  Premium |
| Retention | 100, 000 | 0 | 100, 000 | 25% | 0 |
| 1st surplus | 700, 000 | (400, 000) | 300, 000 | 75% | (2, 500) |
| 2nd surplus | …………….. 0 | 0 |  | …………0% | 0 |
| Totals | 800, 000 | 400, 000 | 400, 000 | 100. 0000% | (2, 500) |

#### The above calculation on reduction in sum insured is wrong. The risk will be re-apportioned and refund premium will be based on the new apportionment.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Treaty | Previous SI | Revised apportionment on Reduced SI | New SI | New Share rates | Refund  Premium |
| Retention | 100, 000 | 100,000 | 100, 000 | 25% | (625) |
| 1st surplus | 700, 000 | 300, 000) | 300, 000 | 75% | (1,875) |
| 2nd surplus | …………….. 0 | 0 |  | …………0% | 0 |
| Totals | 800, 000 | 400, 000 | 400, 000 | 100. 0000% | (2, 500) |

#### **Revision of Cover (Refund Premium) Authorization**

Authorization is similar to that described at new business.

The authorization limits predefined are automatically enforced.

* + - * 1. **Revision of Cover (Refund Premium) Outputs**

The following reports shall be provided;

* Servicing fee notes.
* Premium credit note.
* Facultative debit note.
* Coinsurance schedule.
* Policy schedule.
* Policy document.
* Policy attaching clauses listing and wording.
* Premium working report.
* Servicing fee debit notes / credit note.
* Endorsement report.

* + 1. **Declaration endorsement**

#### **Declaration Endorsement Inputs**

The inputs for this transaction will be obtained from the declaration schedules from clients.

#### **Declaration Endorsement Processing**

* Declaration transactions are done at the end of period.
* Declarations are done for policies whose product or sub class is specified as requiring declaration.
* Declaration transactions are used to determine the actual premium meant to have been charged on policies that were initially covered on an estimate sum insured basis. When the actual figures are then obtained at the end of the year, a declaration transaction will be done on the policy to determine the premium should have been paid.
* TurnQuest GIS provides the flexibility to declare all the risk on a policy or declare only one risk on a policy or declare only one section of a risk.
* If the policy was set with an agreement of minimum and deposit premium, no refund premium is refundable but extra premium will be debited.
* The declaration premium will be computed using the existing rates on the actual limits.
* The earlier paid premium (deposit premium) will be deducted from the declaration premium computed to get the additional/refund premium.
* Declaration can be done more than once for any risk period. NB: Declaration on any one risk can only be done once.
* If the declaration premium is more than the paid premium, then difference (additional premium) will be debited.
* Taxes if any and commission will be computed on the additional premium.
* Servicing fee will be computed for the leader if it’s a coinsurance policy else servicing fee chargeable from the coinsurance followers will be computed in case of a coinsurance lead policy.
* If the declaration premium is lower than the paid premium, the difference (refund premium) will be refunded back to the client as per the rules defined in setup.
* Where premium is refunded:
* Taxes if any and commissions will be computed on the refund premium
* Servicing fee will be computed, for the leader if it’s a coinsurance follow policy else servicing fee chargeable from the coinsurance followers will be computed in case of a coinsurance lead policy.
* The schedule/specification is updated accordingly.
* The system should be able to take into account all transactions done affecting premium in the period under declaration including but-charge premium.

#### **Declaration Endorsement Reinsurance apportionment**

The additional or refund premium will be apportioned to all the current reinsures and treaties in their proportions of risk sharing as at the end of that cover period.

#### **Declaration Endorsement Authorization**

Authorization will be effected like in the normal endorsements. The various computed items will be posted to the relevant accounts.

#### **Declaration Endorsement Outputs**

The system shall provide the following reports;

* Servicing fee notes.
* Premium credit/Debit note.
* Facultative debit/Credit note.
* Coinsurance schedule.
* Policy schedule.
* Premium working report.
* Servicing fee debit notes / credit note.
* Declaration wording report

* + 1. **Cancellation endorsement**

Cancellation can be caused by:

* Non - payment of premiums.
* Request by the client.
* If the insurer feels it’s not profitable to continue with the same cover.
* When there is a write-off on a motor policy where policy has one risk only.

#### **Cancellation Inputs**

The inputs for this transaction will be obtained from the client or generated internally when the reason for cancelling arises.

#### **Cancellation Processing**

The cancellation process shall follow the following process;

* Retrieve the policy to cancel.
* Capture the cancellation reason.
* Capture the effective date of cancellation.
* Compute the refund premium either by prorating or using the short - term rates.
* Where a policy is being cancelled after payment of a claim, there should be no refund.
* Commission on refund premium will be computed.
* Serving fee will be computed if applicable.
* Coinsurance refund premium will be computed.
* Withholding tax will be computed on commission.
* The refund premium will be apportioned to all the reinsures in their existing ratio of sharing the risk.
* On authorization all the computed items will be posted to their respective areas as per **Appendix 7**.

A policy once cancelled cannot be transacted on unless it has been reinstated (no new transaction for a period beyond when the policy was on cover).

Claims can be booked on cancelled policies so long as the loss date falls within the period that the policy was active. No claim can be booked on a cancelled policy after the cancellation date.

#### **Cancellation Output**

The system shall provide the following reports for the cancellation process;

* Servicing fee notes
* Premium credit note
* Facultative debit note
* Coinsurance schedule
* Premium working report
* Servicing fee debit notes / credit note
  + 1. **Policy extension endorsement**

An extension endorsement is done when a policy expiry period is due and the client wishes to extend the policy for a short term, instead of renewing the policy

* This will be similar to the addition of premium transaction, only that the transaction will be done to extend the cover period of the policy.
* A user will specify the effective date from and date to, of the extension the client wants to extend to.
* The premiums will be booked in the extended underwriting year
* The existing premium ratings are used but can be revised when doing the transaction.
* The user will also be able to update policy attaching clauses where applicable
* The transaction will be done and processed like a normal additional premium endorsement with the only difference being the extension of the cover period.
* The system will allow the user to limit the extension of endorsements based on period i.e., total cumulative extension can be set to 1 year
* The system will allow to flag or decline extensions of policies after a predefined period e.g., 12 months.
* The system will be able to automatically generate and send reminders for extensions exceeding a certain predefined duration e.g., 12 months.

* 1. **REINSTATEMENT OF A CANCELLED POLICY**

The system shall provide for the following flow when processing a reinstatement;

* Retrieve the policy to reinstate. This must be a policy that is cancelled.
* Specify the effective date of reinstatement.
* Compute the reinstatement premium, special rating may be applied like loadings.
* The premiums will be computed like in the normal endorsements providing for all the elements computed at endorsement.
* Taxes if any and commission will be computed on the reinstatement premium
* Coinsurance fee for coinsurance policies will be computed.
* Capture any new risk introduced and its schedule/specification.
* Update the policy schedule, policy clauses and excesses where applicable.
* Allocate certificate if applicable for the class of business.
* Validations will be done like in the new business or endorsements.
* Reinsurance apportionment will be done afresh just like in the new business.
* The transaction will be authorised and data posted immediately to the relevant accounts.
* The outputs are the same like for the endorsement transactions.

* 1. **REUSE OF CONTRA**

A reuse of contra endorsement is done when a user has reversed a transaction, and wants to reuse the contra transaction details with very minimal amendments.

* 1. **RENEWAL PROCESSING**

This is the process of following up the policies about to expire and invite for renewal.

The system shall be able to search for policies expiring within a specified period. The search will be by:

* Products.
* By the expiry dates.
* By agency.
* By client.
* By branch/Region/county.
* By Risk ID/Vehicle registration number

It will be possible to renew policies in mass or a single at a time whereby depending on if the parameter for the process to be automatic, the system will automatically be pushing the transactions into the renewal working area and assign the tickets to particular users

The system shall produce a pre list report, listing all the policies due for renewal. The prelist contains the following details:

* Policy number
* Client.
* Product.
* Cover period.
* Future annual premium.
* Loss ratio based on predefined parameters.

The system should clear the but-charges when making renewal notices ready, and calculate the actual (correct premium).

Where an endorsement is being done affecting the renewal notice that has already been done, the system should keep the old version of the renewal notices. The system should also trigger the user to update the renewal notice and retain the new version of the notice.

The system shall be able to automatically generate a claims experience for each client.

It shall also be able to generate a reports showing all the claims on a policy detailing the amounts paid, incurred, outstanding amounts and any comments appended by the claims officer.

The underwriter will be able to view all policy details without altering the history of the policy.

The details that can be view include:

* The premium rating.
* Clauses attaching.
* The schedule.
* The fleet schedule.
* Survey.
* Excesses applicable.
* Facultative apportionment requirement and
* All the information specified at underwriting.

The user will be able to access all the changes done on the policy.

Review current clauses and attach any new ones if required.

System provides a renewal notice report ~~in triplicate~~ (number defined by the user) for the policies that have been analysed and marked as ready for inviting renewal.

System has a provision of resending renewal reminder notices.

It is possible to set reminder date for sending renewal notice on per policy.

System will be able to produce the current policy schedule to be attached to the renewal report.

When the renewal confirmation is received from the client it can be booked as action mail that would trigger the policy renewal.

The confirmation can be acknowledged by generating and sending an acknowledgement report to the client, the report shows the revised status of the policy that would be renewed.

The system automatically generates the renewal date of the policy.

Only the renewable policies and policies which are not short period are picked for the renewal process.

It will be possible to generate a report showing policies not renewed.

After confirmation by client that the policy should be renewed

The renewal processing is similar to that of a new business in the system.

Compute premium.

Compute commissions.

Compute withholding tax on commission if required.

Compute taxes if any taxes applicable.

Reinsurance apportionments is done like in the new business.

The premium debiting is done like in the new business.

The risk schedule/specification can be updated.

**Renewal Invitation**

The system will able to capture at a minimum the details of the renewal notices processing timetable.

* *Date of creation*
* *Timetable recipients*
* *Task name*
* *Task details*
* *Target date*
* *Responsible staff*
* *Task status (“not started”; “policies transferred”; “policies marked ready”; “renewal notices printed”; “renewal notices dispatched”; “completed”)*

* + 1. **Renewal Processing Outputs**

The system shall provide the following reports for the renewal process;

* Renewal Prelists
* Renewal notices
* Lapse ratio (Report – Renewal Policy Loss Ratio)
* Renewed policies listing
* Lapse policy listing
* Non - Renewed policy report
* Renewal Invitation schedule
* Renewal advice list
* Policies due for renewal having unfinished transactions report
* Policies posted to renewal work area report

* 1. **POLICY LAPSING**

This transaction is meant for expired policies (not renewed) and due for lapsation as per company policies.

The system should automatically lapse policies automatically depending on the parameters defined.

A lapsation listing can be generated listing all the policies that have expired requiring lapsing.

The lapsed policies cannot be transacted on before reinstatement.

Claims can be booked on lapsed policies so long as the loss date falls within the period that the policy was active.

All lapsed policies are marked as lapsed

* 1. **REINSTATEMENT OF LAPSED POLICY**

For any new transactions to be passed on a lapsed policy, it must be reinstated first

The processing of a reinstatement will be similar to the renewal transaction.

The lapsed policy should be re-activated and then allow the user to decide the on the type of transaction to use e.g endorsement on the same period or renewal.

The premium charged can be readjusted using existing rates or revised rates that can be subject to loading.

System will allow backdating of reinstatement beyond a given period with higher authorization.

Premium computations will be done like in the renewal transaction.

New risks can be added to the policy.

It will be possible to update the schedule for the existing risks and capture new schedule for any new risks.

Can allocate certificates in case of motor classes – validate certificates.

The reinsurance apportionment will be done afresh like in the new business.

Computation of Premium, taxes, commissions and other fees is done like in the new business or renewal transaction.

The authorization will be done like in the new business case.

Posting to accounts and subsidiary ledgers will also be done at authorization.

NB: reinstatement of a lapsed policy is not always done to renew a policy. It can also be done to allow endorsement for instructions that had been omitted.

* 1. **CONTRA TRANSACTIONS**

As an audit measure, every transactions authorised in the TurnQuest GIS system **cannot** be altered. (On special cases some non premium areas like schedule, endorsement wording etc can be altered by an authorised transaction). To reverse any changes done by a particular transaction, the system provides Contra Transactions that have the effect of entirely reversing the effect of a transactions and returning it to a previous status.

The system provides for the reversal of any authorized transactions.

All authorised records will become permanent and cannot be altered in any way.

The order of transaction entry must be maintained. (That is if a policy has three endorsements and the entry to be reversed is the second transaction, then the third transaction should be reversed first to give way to reversing the second transaction. This is so because the third transaction may have been based on the second transaction)

# **~~PA/X - CFCLIFE PA’S~~ (CASH BASIS UNDEWRITING)**

**NB: The issue of cash basis underwriting can apply to any product and should not be pegged to PA/x-cfc life only. The discussion below should take this in to consideration.**

The system should will a provision to capture at a minimum the following details:

* *Sum insured/Benefits*
* *Mode of payment (monthly; quarterly; semi - annual; annual*
* *Broker/Agent*
* *Age of the insured – to default when date of birth is keyed in*

*The system* will be able to calculate installment premium based on the payment mode.

The system will be able to tie the cover period to premium paid where policy is not annual.

The system will be able to auto - renew a policy with the correct underwriting year upon receipting of the premium irrespective of the premium payment mode.

The system will allow for mid - term changes which includes

1. Changing the sum insured within the policy period and charge correct installment premium moving forward
2. Change the payment mode for a particular policy before the policy period is over.

Change the policy period and accommodate all above changes at the same time

The system will allow for reinstatement of lapsed PA and variation of the reinstatement period.

The system will have a facility to enable lapsing of policies after predefined period; and generate a lapse notice to the client after 90 days.

The system will allow for update of the underwriting records and move the paid to date upon receipting of premium.

The system will default the benefits and premiums applicable upon the user selecting the applicable/appropriate plan of cover.

System will have a flag if business is cash and carry or accrual at product level and a possibility of changing at policy level. This should apply for all products not only PA. It should be possible to do the same for any other product.

The system will be a need to keep track on the expenses incurred on doing payments. Not clear on expenses referred to– refer Turnkey

As opposed, to using tolerance for PA the system will use but - charge premium whereby the endorsement premium should match the receipted amount by using a but-charge.

The finance system should be able to load receipts and the endorsement transactions should auto - allocate. The refunds should auto - allocate as well.

On doing a receipt cancellation from the FMS system, this should raise a contra transaction in GIS and auto- allocates the transactions.

**Outputs**

* A report of all installment premiums received since inception of a policy.
* A report of premium debited for a particular policy to date broken down into installment amount, receipt date and per underwriting.
* Premium card report

# **Policy Documents Printing**

The system will be able to print out the original policy documents after a policy has already been underwritten to the end. During underwriting the underwriter will attach clauses and extensions. These clauses and extensions, which have different wordings, will be printed along with the schedule attaching to the policy document. The system will also provide a screen where the user will be able to specify which sections of the policy document will need to be excluded or cancelled.

System will be able to keep different versions of policy documents for one policy but different transactions in case of amendments.

# **Capturing of class specific details**

* + 1. **Motor Insurance**

#### **Private Car**

Motor private details to be captured will include:

* Make and model number.
* Body type
* Registration no/Index mark
* Cubic Capacity (cc) /Horse power
* Chassis number
* Engine number
* Year of manufacture
* Estimate value
* Seating capacity inclusive of driver
* Any Changes made to original design.
* Usage of the vehicle e.g., social, domestic and pleasure or for business purposes
* Carry capacity
* Logbook No
* Details of entitlement to No Claim discounts from any previous insurers
* Details of car Anti - Theft Device
* Driving experience period (s) and date
* Cover Type: Comprehensive, Third Party Fire and theft or Third Party.
* Details and values of cover required for accessories (Other than standard accessories fitted by the manufacturer).
* Personal Details of the Insured
* The colour of the vehicle
* Geographical area
* Gender of the driver
* Age of driver
* Occupation of the driver
* Hire purchase

#### **Commercial Vehicle**

This will be the same as in Motor Private with the addition of the following information:

* Maximum carry capacity of the vehicle.
* Price paid by Proposer and date of purchase.
* Trailer details
* Value and rate of premium and discount/loading agreed on. Not specific to motor commercial only

#### **Motor Cycle**

Motor Cycle details that will be captured include:

* Index mark/Registration number
* Motor cycle make and model
* Year of manufacture
* Value and rate of premium
* Seating capacity inclusive of driver (pillion passenger)
* Estimated value of the motor cycle
* Provisional/Full driving license
* Non - Claim Discount number of years
* Motor cycle use
* Hire purchase on the Motor Cycle
* Anti - theft device details: Type and Value
* Cover Type: Comprehensive, Third Party or Third Party Fire and theft
* Frame number
* Engine number

#### **Motor Trade – Road Risks**

Information that will be required includes:

* Cover Types
* The Highest Valued vehicle in the insured’s custody
* The limits of liability
* Garage capacity (vehicle numbers)
* Authorized drivers
* Frequency of visit to the garage
* ~~Legislation~~
* Plate number

#### **Motor Trade – Internal Risks**

Information that will be required includes:

* The Highest Valued vehicle in the insured’s custody
* Aggregate limit
* Garage capacity (vehicle numbers)
* Limit any one vehicle
* Authorised drivers
  + 1. **Non - motor Insurance**

#### **Fire insurance**

The details that will be captured include:

* The building details:
* Address of the building
* Personal details of the insured
* Number of storey’s in height
* Construction material (wall and roof)
* Plots/building number
* Occupiers (by the insured or by others).
* Building dimensions
* Age of building and if in good condition
* Floor material
* Details of household goods and personal effects
* Details of stock in trade
* Source of electricity
* Building usage i.e., exclusively residential, commercial or manufacturing
* If building is used for trade/manufacturing:
* User
* Nature of process
* Particulars of hazardous material within the building e.g., radioactive materials
* Adjoining buildings
* Building’s lighting and heating.
* Owner of the buildings or the occupants (s) of the buildings
* Geographical area.
* Details of fire fighting equipment.
* Date of last survey
* Risk classification
* Value of property to be insured and the rate of premium applicable

#### 

#### **Burglary/Theft**

* Name of the insured
* Occupation
* Address of building in which the insurable property is situated.
* Use of the premises i.e., business or private
* Material of which the building (s) is/are constructed
* Duration the proposer has occupied the building
* Amount for which such stock is insured against fire
* Property details if contents of the building are being covered
* Occupation after business hours and whether this ever happens, either by the proprietor or the manager
* Watchman or caretaker is employed.
* Schedule of property details to be insured i.e.,
* Total value and sum insured on stock in trade belonging to the proposer (consisting of items that are to be listed) to be stated.
* Total value and sum insured on goods of similar kind in trust or on commission for which the proposer is responsible.
* Total value and sum insured on trade fixtures and fittings.
* Total value and sum insured on other named contents
* Rate of premium and the rate of commission applicable.
* First loss sum insured
* Geographical region
* Other security measures (siren/burglar proof/etc)

#### 

#### **Fidelity guarantee**

The following information will be provided:

* Annual Aggregate earnings for each employee
* Number of Individuals
* Excess
* Insured Details
* Employment dates (from and to)
* Employer Name
* Employer’s business
* Postal address
* Marital status
* Number of dependants
* Guarantee amount/aggregate limit/collusion limit
* Rate of premium applicable
* Geographical area
* Position of employee
* Limit of liability of any one loss
* Limit of liability of any one loss/person

#### **Domestic Package**

The information required will be:

* Details of the insured
* Risk address
* Materials the buildings are constructed of (walls and roofs).
* Height in storey’s
* Material outbuildings are constructed of if any.
* Business, profession or trade carried out in any portion of the premises of which the residence forms a part.
* Rate of premium applicable.
* Sum insured of the buildings.
* Sum insured of the contents.
* Sum insured of all risks.
* Schedule of items under contents/all risk
* Workmen’s compensation details- the number of indoor servants, stablemen, gardeners or watchmen and drivers (this to be captured under WIBA & common law sections)
* Owners’ Liability limit
* Occupiers’ Liability limit
* Geographical area

#### **Public/General liability Insurance**

The details that will be captured will include:

* Details of the insured
* Rate of premium applicable
* Estimated total number of employees
* ~~Estimated total wages of employees~~
* Territorial Limit
* Risk location
* Retroactive date
* Limits of liability (Any one claim/Any one Event/Any one Period)
* Occupation
* Details of plant / machinery owned by the insured
* Deductible
* ~~Limit of indemnity required (excluding fire and explosion)~~
* ~~An estimation of annual wages if the proposer undertakes. work away from premises~~
* ~~An estimation of annual wages if elevators hoist cranes or other power operated lifting apparatus is used on the proposer’s premises~~
* ~~State of repair of the proposer’s premises and plant~~
* ~~Details of the proposer’s estimated annual turnover and limit of indemnity required if the proposer wishes the policy to include his legal liability for:- bodily injury, disease, loss or damage caused by goods or commodities manufactured, sold, supplied, serviced, tested or processed by the proposer~~
* ~~If the proposer supplies commodities for use in atomic energy or aircraft industry (Y/N)~~
* ~~If the risk proposed is a factory (Y/N)~~
* The limit of indemnity on liability in respect of guests’ effects whilst on proposer’s premises ~~(applies to hotels only)~~
* The limit of indemnity on liability for loss of or damage to customers’ cars parked or garaged for which information about the following is to be furnished if the answer is yes:
* Parking fee charged
* If a notice disclaiming liability appears
* if tickets are issued bearing a similar disclaimer
* the maximum capacity of the garage or parking place
* past claims experience for a given period

#### **Product liability Insurance**

The details that will be captured will include:

* Details of the insured
* Territorial limit
* Risk location
* Retroactive date
* Limits of liability (any one claim/period/occurrence)
* Details of plants/machinery owned by the insured
* Estimated annual turnover
* deductible
* Rate of premium applicable
* Estimated total number of employees
* State of repair of the proposer’s premises and plant
* Details of the proposer’s estimated annual turnover and limit of indemnity required if the proposer wishes the policy to include his legal liability for:- bodily injury, disease, loss or damage caused by goods or commodities manufactured, sold, supplied, serviced, tested or processed by the proposer
* If the proposer supplies commodities for use in atomic energy or aircraft industry (Y/N)
* If the risk proposed is a factory (Y/N)
* The limit of indemnity on liability in respect of guests’ effects whilst on proposer’s premises
* The limit of indemnity on liability for loss of or damage to customers’ cars parked or garaged for which information about the following is to be furnished if the answer is yes:
* Parking fee charged
* If a notice disclaiming liability appears
* if tickets are issued bearing a similar disclaimer
* the maximum capacity of the garage or parking place
* past claims experience for a given period

#### **Carriers Liability**

The details that will be captured for professional indemnity cover will include

* Description of goods
* Basis of valuation
* Method of transit
* Limit any one premises
* Limit any one vehicle/wagon
* Limit any one consignment
* Estimated annual carry
* Details of protective appliances
* Territorial limit
* deductible

#### **Professional indemnity insurance**

The details that will be captured for professional indemnity cover will include:

* Limits of indemnity any claim
* Names of employees/principal officer and their qualification
* Positions held
* Limit any one loss
* Limit any one period of insurance
* Geographical area
* Rate of premium and commission applicable
* Retroactive date
* Profession
* Gross fees
* Deductible
* No of years in operation
* Extensions (libel and slander/loss of documents/dishonest of employees)

#### 

#### **Goods in transit insurance**

The following details will be required:

* Trade/business and period operated
* Descriptions of goods to be insured
* Estimated annual carry
* If more than one vehicle or trailer a statement of the limit required for any one loss or series of losses arising out of a single event
* Name of haulage
* Address
* Vehicle registration
* Own / hired vehicles
* Basis of valuation
* deductible
* Geographical area
* Rate of premium and commission

#### **Money**

* Address of premises to be insured
* Territorial limits
* Loss of money
* On the Premises described above
* Sum Insured on the money out of safe (s) or strong room (s) during business hours
* Sum insured in the amounts in the locked safe (s) or strong room (s) specified below.
* Sum insured in any one transit in the custody of the insured or in the proposers duly authorized employee (s).
* Total amount of all money in transit in any one year to be included
* Details of safe (s) and/ or strong room (s) to be insured
* Make and manufacturer’s reference Number
* Year of manufacture
* Size
* Weight
* Value
* Sum insured.
* Rate of premium & rate of commission
* Details of what precautions taken for the safety of the money
* During Transit
* Whilst on the premises
* In regard to character of employees on engagement.
* Brief details of the construction of the premises in which the money will be kept (Roofs and Walls)
* Details of how often journeys with money are made.
* Normal method of transmission
* The normal maximum distance involved
* Particulars of employees entrusted with money in transit
* Whether an escort accompanies them
* Whether the ~~messenger~~ employee or escort or both armed
* Whether the ~~messengers~~ employee are male and over 18 years of age

#### 

#### **Fire consequential loss/Business interruption**

The details that will be capture include:

* Indemnity period (Initial period and remainder period)
* Auditor’s fees
* Material damage
* Wages and salaries
* Business/occupation
* Geographical area
* Gross profit
* Occupational classification
* Rate of premium

#### **Group/Personal Accident insurance**

The both insurance products the following information will be required:

* Date of birth
* Height (PA)
* Weight (PA).
* Sex (Male/Female).
* Limits of liability (PA) (capital benefit or based on earnings)
* Permanent Total Disability (PTD) (capital benefit or based on earnings)
* Temporary Total Disablement (TTD)
* Repatriation expenses amount
* Temporary Partial Disablement (TPD)
* Medical, surgical and hospital expenses
* Overseas medical expenses
* Death limit.
* Postal address, town and country
* Occupational Class
* Geographical area
* Rate of premium
* Name and address of beneficiary
* Last expense
* Past accidents
* Past convictions

#### **Travel insurance.**

Policy details to be captured will include:

* Occupation
* Period of cover
* Date of birth
* Age
* Next of kin
* Address for the next of kin
* Country (s) of visit/origin
* Scale of compensation/deductible
* Death
* Permanent Total Disability
* Medical expenses
* Repatriation Expenses
* Loss of luggage
* Cover type
* Reason for travel

#### **GPA Insurance refer item 10.1.2.12 above**

Information to be captured for this policy will include:

* Geographical area
* Schedule of benefits:
* Death
* Permanent disability
* Temporary disability
* Medical expenses
* Details as captured in workmen’s compensation here below

#### 

#### **Workmen’s compensation insurance / WIBA**

The following information will be captured for Workmen’s compensation:

* Details of Circular saw/machinery driven by steam, gas, water, electricity or other mechanical power
* Details about boilers if any
* State of plant with regard to fencing, guarding
* Details on any usage of acids, gasses, chemicals, explosives, radioisotopes, radioactive substances, or other source of ionizing radiation
* List of workmen as follows:
* Description of employees
* Estimated number of employees
* Value of food, fuel, quarters and other consideration
* Past claims experience for a given period of time.
* Wages, salaries and other earnings
* Number of accidents to employees (whether or not involving claim)
* Number of Claims settled
* Cost of claims settled
* Number of outstanding claim
* Cost of outstanding claim.
* Occupation of employees
* Occupation of the insured
* Geographical area
* Estimated total salaries and other money earnings
* Value of food, fuel, quarters and other considerations in addition to money earnings.
* Estimated total earnings
* ~~Overseas amount~~
* Repatriation amount
* Rate of premium
* Limit of liability (any one person/event/period)

#### 

#### **All risks insurance.**

The details that will be captured for this class of business will include:

* Address
* Business/occupation
* Total sum insured
* Geographical area
* Risk details/description
* Rate of premium
* Excess

#### **Industrial all risks insurance.**

The details that will be captured will include:

* Section details as covered
* Nature of business
* Description of property insured
* ~~Prone to illnesses~~
* ~~Past accidents~~
* ~~Past convictions~~
* Geographical area
* ~~Scale of benefits~~
* Rate of premium
* Risk location
* Sum insured on material damage section
* Gross profit under business interruption section
* Indemnity period
* deductible

#### **Marine Cargo Insurance**

Details that will be captured depending on type of policy include:

* Single transit policy
* Name and address of proposer
* Value/Sum insured
* Port of discharge/Voyage from
* Destination port
* Approved Vessel
* Packaging
* Condition of insurance
* Goods classification (bulk goods, manufactured goods, food or industrial equipment)
* Scope of cover
* Bill of landing/airway bill number
* Name of clearing agents
* Marks and numbers
* Estimated date of discharge/arrival
* Transhipment
* Name of surveyor
* Basis of valuation
* Nam and age of vessel
* Rate applicable and the rate of commission

#### **Marine Open Cover**

* Name and address of the insured
* Bottom limit (Limit per shipment)
* Estimated annual carry
* Rate of premium
* Method of shipment/Conveyance
* Voyage
* Scope of cover
* Interest to be insured
* Insured transit

#### **NB: details same as above under marine cargo**

#### **Bonds insurance**

The Bond amount is the only information required for this class of insurance. The various products under bonds insurance include:

The above statement is not correct. The following information will be required

* Immigrant name and address.
* Principal name and address
* Name of surety
* Security provided and its value
* Bond reference number
* Bond amount
* Duration of bond
* Counter indemnity guarantee form (Y/N)
* Counter indemnity bond.
* Performance bond.
* Advance payment bond.
* Bid bond.
* Counter bid bond.
* Customs bond.
* Retention Bond.
* Advance payment guarantee.
* Performance guarantee.
* Credit bond.
* Security bond
* Additional information that will be captured for bonds include:
* Details of the contractor (Name/address/Telephone)
* Period of guarantee
* Contract description
* Commencement date
* Completion date
* Total Contract Sum
* Amount of subcontract work
* Location of contract work
* **Items in blue are more specific to performance bonds**

#### 

#### **Machinery Breakdown /machinery breakdown loss of profits**

Details to be captured for this class of business include:

* Name of insured
* Address
* Purpose and nature
* Details and list of machinery and plant to be insured
* Item No.
* Quantity.
* Description of machine or plant (designation, Manufacturer, type, capacity, speed, number of cylinders, transmission ratio, voltage, pressure, temperature, heating surface, new replacement value etc. )
* Year of manufacture.
* Sum insured.
* Load (ratio between actual load and designed load).
* Relative importance.
* Spare parts available, replacement period for machine or plant.
* Desired indemnity period, limit (months)
* Special remarks
* Normal working hours of the works to be insured (Per day, Per week, Per year and Per hour).

#### **Plant All Risks.**

The following details will be captured for the class of business:

* Annual basis or for specified number of years or months
* Hired plant and machinery
* Whether the plant and machinery to be insured is hired
* If hired, owner’s name to be specified
* If hired, owner’s address to be specified
* Whether plant and machinery exposed to the following special hazards
* Fire, explosion.
* Storm, cyclone.
* Landslide.
* Employment on mountainous terrain.
* Earthquake, volcanic activity, tsunami.
* Flood, inundation.
* Blasting.
* Employment underground.
* Other (to be specified).
* Whether cover to include extra charges for: - overtime, night work, work on public holidays
* Limit of indemnity for extra charges above.
* Specification of plant & machinery to be insured
* Item number.
* Item description.
* Name of manufacturer.
* Type and serial number.
* Output.
* Year of manufacture.
* High exposure to special hazards.
* Replacement value.
* Additional details for Oil Well Drilling Equipment (Land Rigs)
* Deductible
* Maintenance period

#### **Contractors All Risks.**

Details/information that will be captured will include:

* Title of the contract
* Location of the site
* Name and address of the principle
* Name and address of the contractor/subcontractor/ consulting engineers, description of work and period
* Contact price
* Contract work description
* Details on materials on site
* Construction plant equipment details
* Construction machinery details
* Clearance of debris if applicable
* Third party liability details
* Contract Value
* Deductible
* Maintenance period

#### **Erection All Risks.**

The following details will be captured:

* Title of contract (if contract consists of several sections, specify sections to be insured).
* Location of erection site (Country; City/town/village)
* Principal name & address
* Main contractor name & address
* Subcontractor name & address
* Manufacturer of main items name & address
* Firm supervising erection name & address
* Consulting engineer name & address
* Description of property to be erected
* Period of insurance
* Pre - storage duration (months) prior to beginning of erection work
* Commencement of erection work
* Duration of erection/construction (months)
* Testing duration (weeks).
* Duration of maintenance (months)
* Type of coverage required.
* Termination of insurance
* Whether cover of construction/erection machinery required
* Sum insured.
* Whether adjacent buildings are to be insured against loss or damage arising out of or in connection with the contract works
* Details of 3rd party liability is to be included
* Whether cover to include extra charges (in case of loss) for express freight/overtime/ and night work, work on public holidays and airfreight
* Details of any special extension of cover required
* deductible

#### **Boiler and Pressure insurance**

The following details will be captured:

* Contents of specification
* Whether the specification includes all boiler and pressure vessel plant covered under a boiler and pressure vessel policy
* If not, items excluded are to be specified and reasons why excluded
* Whether the main steam and feed water piping are to be included
* Whether the items are in good condition
* If not, particulars of defects are to be listed.
* Inspections
* Part of the plant that is subject to periodical inspections
* State who does the inspections and at what intervals
* Date of last inspection
* Maximum load on safety valve
* Working pressure (bar)
* Attendants
* Whether employees are employed solely on the boiler plant. If not, the proportion of their time reserved for other duties
* Limit of indemnity applicable to surrounding property/ 3rd party liability (property and bodily injury)
* Specification of items to be insured
* Item number
* Maker’s name and number
* Year of manufacture
* Steam output (tons/h)
* Pressure (Psi)
* Kind of fuel
* Type of boiler or pressure vessel
* Boiler: whether vertical horizontal fire tube or water - tube
* Fire and unfired vessels: kind of vessel, dimensions and purpose for which used.
* Sum Insured: current cost of replacement of item with new one of the same kind and capacity plus freight charges, customs duties, and cost of erection
* deductible

#### **Marine Hull**

The details that will be required for marine hull will include:

* Voyage or period of insurance:
* Voyage policy covers from port of discharge to destination port
* Period if the policy covers a given time period.
* Name of the insured
* Subject matter insured against:
* Marks and numbers of the vessel
* Serial numbers
* Amount insured against (Hull and machinery/RSCC and material damage)
* Construction material
* Passenger liability
* Certificate of sea worthiness
* Year of manufacture
* Engine type/capacity
* Usage

#### **Aviation Insurance**

The following details will be capture for aviation insurance:

* Name of the insured
* Address
* Geographical limits
* Pilot/co - pilot information
* Aircraft particulars:
* Make type special number
* Seating capacity
* Registration number
* Sum insured/agreed value (Hull all risk)
* Status (Full flight risk/ground risk/taxing risk/mooring risk/waterborne)
* Year of manufacture
* Date & Number of current license
* Identification marks
* Number and type of engines
* Purchase price of aircraft
* Present value of aircraft
* Details of extra equipment & accessories
* Liability details:
* Combined single limit (TPLL/PLL/CLL)
* Crew personal accident
* Schedule of benefits for each insured
* Name of the assured
* Occupation
* Date of birth
* Capital sum insured
* Proposal date
* Temporary Disablement amount per week
* Elimination period in days
* Maximum benefit period in weeks
* Pilot/Co - pilot details
* Name
* Age
* Type of aircrafts flown to date
* Flying hours (day and night)
* License number, date and classification
* Nature and cause of accident if any
* Aviation certificates details:
* Scope
* Insured
* Aircraft Number
* Period of insurance
* Interest
* Sum insured/value
* Condition applicable
* Use of the aircraft
* Pilots flying the aircraft
* Co - pilot details
* Geographical limit
* Coinsurance clause

# **NB: Highlighted in yellow was appearing in heritage original document but is missing in this document.**

|  |
| --- |
| **Deterioration of Stock:** |
| *• item number* |
| *• type of goods stored* |
| *• maximum quantity* |
| *• number of chambers* |
| *• Time excess* |
| *• sum insured* |
| *• deductible* |
| *• machinery breakdown policy number issued* |
| *• location* |

|  |
| --- |
| **Stock floater:** |
| *• property insured* |
| *• territorial limits* |
| *• estimated turnover* |
| *• basis of valuation* |
| *• deductible* |
| *• limit description* |
| *• limit amount* |

|  |
| --- |
| **Book Debt Insurance:** |
| *• item description* |
| *• limit* |
| *• Fire policy number* |

|  |
| --- |
| **Motor Terrorism** |
| *• registration number* |
| *• make* |
| *• type of body* |
| *• cc* |
| *• year of manufacture* |
| *• seating capacity* |
| *• estimated value* |
| *• limitation as to use* |
| *• geographical limit* |
| *• authorized drivers* |
| *• area of operation* |
| *• cover type* |
| *• Chassis number* |
| *• Engine Number* |
| *• Log Book Number* |
| *•Principal driver* |
| *• Carrying capacity* |

|  |
| --- |
| **Glass:** |
| *• property insured* |
| *• Sum insured* |
| *• location* |
| *• deductible / excess* |
| * *Type of Glass* |

|  |
| --- |
| ***PA/GPA- Ex- CFC Life (various)*** |
| The system should have a provision to capture at a minimum the following details of the policy schedule for new business: |
| *• agency* |
| *• policy number* |
| *• the insured* |
| *• business or profession of insured* |
| *• name and address of insured* |
| *• period of insurance* |
| *• currency* |
| *• date of signing* |
| *• premium: Monthly, semi-annual or annual* |
| *• stamp duty* |
| *• training levy* |
| *• policyholders fund* |
| *• first premium* |
| *• renewal premium* |
| *• total sum insured* |
| *•territorial limits* |

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| --- |
| **Red Carpet: (Current system does not have a schedule)** |
| *• Section* |
| *• Description of items insured under each section* |
| *• Sum insured or Limits of the section* |
| *• territorial limit* |
| * *Excess per section* |

|  |
| --- |
| **Businessman Combined:** |
| *• Section* |
| *• Description of items insured under each section* |
| *• Sum insured or Limits of the section* |
| *• territorial limit* |
| * *Excess per section* |

|  |
| --- |
| **Heritage G- Safaris** |
|  |
| *• type or product* |
| *• name* |
| *• date of birth* |
| *• destination* |
| *• With effect from (WEF)* |
| *• With effect to (WET)* |
| *• Next of Kin or beneficiary details* |
| *• Passport number* |

|  |
| --- |
| **Terrorism;** |
| *• Description of property insured* |
| *• sum insured (material damage & business interruption sections)* |
| *First loss sum insured* |
| *• deductible / excess* |
| *• location* |
| *• Indemnity Period* |

|  |
| --- |
| **Sports Policy:** |
| *• item* |
| *• Sections* |
| *• item description* |
| *• item amount* |
| *• provide for the following specified sections:*   * + - *equipment*     - *personal effects*     - *general liability*     - *personal accident (death, PTD and medical expenses)*     - *medical expenses for caddies*     - *hole in one / full house*     - *excess* |

|  |
| --- |
| **Golfers;** |
| *• Sections* |
| *• item* |
| *• item description* |
| *• item amount* |
| *• provide for the following specified sections:*   * + - *equipment*     - *personal effects*     - *general liability*     - *personal accident (death, PTD and medical expenses)*     - *medical expenses for caddies*     - *hole in one / full house* |

|  |
| --- |
| **Bankers Blanket Bond:** |
| *• item number* |
| *• item description* |
| *• limited of liability* |
| *• deductibles* |

|  |
| --- |
| **Social field trips:** |
| *• Baggage- item number* |
| *• Baggage- item description* |
| *• Baggage - item limit of liability* |
| *• Baggage -any one article, pair or set* |
| *• maximum overall sum insured* |
| *• limit of personal liability* |
| *• number of people covered* |
| *• PA benefits* |
| *• description of the trip* |
| *• excess* |
| *• benefits* |

|  |
| --- |
| **Electronic equipment:** |
| *• item number* |
| *• quantity* |
| *• description of equipment / systems* |
| *• sum insured* |
| *• provide for the following specified sections:*   * + - *material damage*     - *software or electronic data media*     - *increased cost of working* |
| *• location* |
| *• excess / deductibles/Time excess* |

|  |
| --- |
| **Office Plus:** |
| *• Section* |
| *• Description of items insured under the sections* |
| *• Sum insured or Limits of the section* |
| *• territorial limit* |
| * *Excess* |

|  |
| --- |
| **Agriculture (Crop, Livestock,Forest & Greenhouse)** |
| 1. **Crop** |
| Type of crop |
| Location |
| Acreage |
| Value per unit e.g a 90kg bag of wheat, maize etc… |
| Average yield e.g tonnage per acre |
| Yield guaranteed |
| Sum insured |
| Cost of production per acre e.g Kshs/acre |
| Deductible |
| **ii)Livestock** |
| Type of Livestock |
| Breed |
| Sex |
| Age |
| Number of livestock |
| Market value |
| Location |
| Deductible |
| **iii)Forest** |
| Type of trees |
| Location |
| Number of trees |
| Age |
| Value |
| Deductible |
| **iv)Greenhouse**  ***Sections***   * **Structure** * **Plastic cladding** * **Crop** * **Machinery breakdown** * **Deterioration of stock** * **Irrigation equipment** * **Goods in transit** * **Other assets** |
| Number of Greenhouse |
| Value |
| Age of the cladding/date of manufacture |
| Gauge/micron on plastic cladding |
| Cost of production per plant |
| Number of plants per unit area |
| Sum insured |
| Make & model of machine |
| Capacity of machine |
| Type of irrigation equipment /assets |
| Any one transit limit |
| Estimated annual carry |

|  |
| --- |
| **Trendsetter:** |
| * This is a package policy. Schedule items will borrow from the respective stand alone policies for the respective sections. |

# **Certificate Management**

The system provides for management for certificate stock replenishment this involves the ordering, payments, receiving, registering of certificates.

* 1. **CERTIFICATE MODULE PROCESSING**

* + 1. **Certificate definition Inputs;**
* Certificate types – there is a provision to define certificate types that is ~~Cover, Regional e.g., Comesa yellow card and NCD~~ – NB: certificate types are Type A(psv); Type B (com); Type C (private); Type D (motor cycle)
* Certificate reorder levels
* Certificate type prices
* Certificate delivery note
* Number of certificates ordered

* + 1. **Generation of Certificate type orders**

TurnQuest GIS will generate an alert when the reorder levels are reached for certificate ~~types that have been assigned to branches and agents~~ in the safe.

Different certificate types can be placed in one order

The system should will able to automatically forward the raised certificate requisition request to the head of the department for online authorization.

Once the head of department approves the requisition, the system will automatically forward the requisition to the finance department to prepare the cheque to pay the order.

The system should will able to track the status of the online order and upon request inform the user of the order's current stage. The system should at a minimum maintain the following status modes:

* *awaiting approval*
* *order approved*
* *awaiting receipt of stock*
* *stock received*
* *awaiting payment*
* *order paid*

* + 1. **Receiving and registration of certificate stock**

When a certificate order is delivered, the received certificate types are captured based on the received quantities per certificate type and registered in lots

A lot number is generated from the system.

When a lot is received it is marked as in safe hence it should be allocated to users who in turn allocate to broker and branches

The following details should be captured:

* Lot number.
* Certificate type.
* Date received.
* Certificate number range from and range to.
* Receiving officer.

* + 1. **Allocation of certificate stock to brokers and branches**

The certificates can be allocated to the branches or brokers.

The following details are captured and validated:

* Agency code.
* Branch code (if the certificates are for own consumption, then the details of the branch allocated should be provided, branch code not required when the certificates are being allocated to a broker).
* Certificate type.
* Lot number (the lot from where the certificates are being issued).
* Certificate number from and certificate number to.
* Date of allocation.
* Authorizing officer.
* Date of authorization.

* + 1. **Updating of certificate usage schedule**

The branches and brokers will be required to submit their usage schedules for accounting of the certificates.

For branches using the system on line will print the certificates from the system.

The schedule details to be captured from intermediaries and offline branches are:

* Certificate number
* Agency code or branch code
* Vehicle registration number
* Period of insurance
* Date of issue
* Policy number
* Status of the certificate (Active, spoilt, cancelled)

* + 1. **Certificate printing**

TurnQuest GIS provides functionality for printing certificates allocated to the risks in the system.

Any underwriter with access rights can allocate a certificate to a risk for printing. The risks with certificates allocated are then placed in a queue ready for printing. The printing is done from a central workstation for better control of certificate stationary. The certificate printer is predefined in the system to further ensure proper utilization, coordination and control of certificate stationary.

Subsequent allocation of certificates to a risk can easily be done without having to go through an endorsement transaction.

It is possible to issue certificates before debiting or renewal.

The system ensures that certificate validity dates fall within the effective cover period of the policy. It further ensures that the validity date does not start earlier than date of allocation.

More than one certificate may be issued within a cover period e.g., where. One - month (short term certificates) certificate is issued within a 1 - year cover period for credit control purposes.

* + 1. **Certificate Module Outputs**
* Printed certificate
* Certificate usage schedule
* Audit report on policies allocated certificates before debiting
* Daily certificate spoilage schedule
* A report for all approved certificate issuance requests.
* A report for all rejected certificate issuance requests.
* A report showing unutilized (undeclared) certificates.
* A report monitoring the certificate usage per broker.
* A report showing cancelled certificates.
* A certificate allocation to each broker

# **Survey / Valuation**

This module provides the functionality to track all surveys details collected by the surveyor/ valuer. The system keeps the survey details including;

* Define all approved surveyors/ valuers
* Track allocation of work to surveyors by keeping the following
* Date of survey/Valuation date
* Date of appointing the surveyor
* Policy No (Selected from list of policies in GIS)
* Date of receiving valuation/survey report- one should not be able to capture the receive date, valuation remarks, valuation SI and recommendation when valuation received is **'NO'.**
* Capture survey requisition request and name of the person (staff) requesting for survey/valuation to be undertaken
* Capture a predefined period for a survey/resurvey e.g. 3 years for a particular risk
* System will allow payment of valuation /survey fee - The system will allow raising a requisition for more than one policy.
* ~~Remove~~ Extract endorsement and policy number on survey/Processing screen and allow selecting policies being paid for. For pre-insurance surveys/valuations, there should be a provision to allow for payment before the policy is generated – sometimes cover does not materialise.
* The system will allow defining of ~~survey~~ valuation fee rate per service provider per risk.
* The system will allow valuation only on NB and after renewals. Hence the valuation letter date should be within the risk cover days. It should be possible to issue a valuation letter for renewal before the renewal date/inception date with exception. The valuation should only be for comprehensively and Third Party Fire and Theft covered risks.
* Store the documentation generated during survey (scanned PDF report and the pictures of the survey)
* Ability to cancel valuation request. A user should only be able to do a valuation on a risk if the previous request has been cancelled for the same period of insurance.
* The system should have a provision to mark policies (i) awaiting feedback on risk improvement recommendation (ii) Feedback received (iii) survey satisfactorily done.

# **Policy document printing**

The system is able to print the policy document upon authorization of the new business transaction. The system allows versioning of the policy document where a client requires a non standard policy document. The system records the new version of the document which can be accessed at any time.

# **STAMPING POLICIES**

This involves the franking of policies and marine certificates with stamp duty. The franking machines are loaded with the stamp at the ministry of lands. Policies and Marine certificates depending on the stamp duty value are taken to the ministry for franking directly.

The system will have a provision to capture at a minimum the details of the requisition form for the replenishment of revenue stamp for the revenue franking machine)

* *Date of requisition*
* *Department sending requisition*
* *Requisition to be sent to*
* *balance in the machine as at date of order*
* *descending value on usage*
* *Cumulative value on usage to date*
* *value of amount requested*
* *order prepared by*
* *order authorized by*
* *Serial number of the KRA re-fill form (KRA domestic taxes form)*

*The system will have a provision to capture the following* details of each of the policies and marine certificates;

* *date franked*
* *policy number*
* *endorsement number (for marine certificates)*
* *sum insured*
* *Amount of stamp duty*
* *meter reading*
* *person stamping*
* *person receiving*

*The system will able to* automatically forward the raised requisition form for the replenishment of revenue stamp for the revenue franking machine to the head of the department for online authorization.

The system will provide for the approval or rejection of the requisition form for the replenishment of revenue stamp for the revenue franking machine and send feedback to the requestor communicating the same.

Once the head of department approves the requisition, the system will automatically forward the requisition to the finance department to prepare the cheque to pay the order.

The system will be able to track the policy documents that have been printed, bound and franked.

The system should allow the person franking policies /certificates mark the same against the policy number in the system.

The system should tie the *KRA re-fill form (KRA domestic taxes form) to the cheque amount*

**STAMPING MODULE OUTPUT**

* Report for all stamped policies
* Report for all approved requisitions for the replenishment of revenue stamps for the revenue franking machines.
* Report for Declined requisitions for the replenishment of revenue stamps for the revenue franking machines.
* A report showing the history of all requisitions for the replenishment of revenue stamps for the revenue franking machines.
* A report showing the current status of a particular requisition request on different categories including;
* *Requisition awaiting approval*
* *Approved requisitions*
* *requisition cheque issued*
* A report showing the stamp duty usage against the KRA domestic taxes from serial number.

# **NCD CERTIFICATE REPLENISHMENT**

This involves the ordering and replacing of NCD certificates issued by AKI (The Association of Kenya Insurers) to Heritage Headquarters for issue to clients (i.e., clients, Heritage branches).

The system will have a provision to capture at a minimum the following details of each NCD certificate order form.

* Member company
* order date
* Type
* Number of certificates
* Price per certificate
* Value of the cheque
* Remarks
* Cheque No
* Payee: AKI
* Name of ordering officer
* Designation
* Name of authorizing officer

The system will have a provision to capture at a minimum the following details of the NCD certificates received from AKI (The Association of Kenya Insurers);

* *Date of order*
* *Date of issue*
* *Type of NCD certificates ordered*
* *NCD certificate serial number from*
* *Quantity of NCD certificates issued*
* *Unit price*
* *Line total amount*
* *Balance*
* *Total quantity issued*
* *Cheque number*
* *Total amount due*
* *Total amount paid*
* *Date received*
* *Received by*

The system will able to automatically send alerts when the NCD certificate stock levels go below a predefined reorder level to the line manager and administrative assistant.

The system will have a provision to setup the NCD certificate reorder levels.

The system will be able to automatically forward the raised NCD certificate requisition request to the head of the department for online authorization.

Once the head of department approves the requisition, the system will automatically forward the requisition to the finance department to prepare the cheque to pay the order.

The system will be able to track the status of the online order and upon request inform the user of the order's current stage. The system will at a minimum maintain the following status modes:

* *Awaiting approval*
* *Order approved*
* *Awaiting receipt of stock*
* *Stock received*
* *Awaiting payment*
* *Order paid*

The system will have a provision for declaring NCD certificates obsolete once they are of no use.

The system will be able to indicate the different versions of NCD certificates types and costs.

The system will have a built - in reorder module that will be able to track the reorder completion turnaround time enabling it to send alerts when the set deadline is not met.

The system will provide for the approval or rejection of the requisition form for NCD certificates to be used internally and send feedback to the requestor communicating the same.

The system will be able to allow the Heritage branches (in different geographical regions) to declare their NCD certificate usage online.

**NCD REPLENISHMENT OUTPUTS;**

A report for all approved NCD certificate stock requisitions requests.

A report for all declined NCD certificate stock requisitions requests.

A report for history of all orders

A report showing the current status of a particular order on different categories including:

* *Orders awaiting approval*
* *Approved orders*
* *Orders awaiting receipt of stock*
* *Orders with received stock*
* *Orders awaiting payment*
* *paid orders*

A report showing NCD certificate stock levels in the safe as at a given date.

Audit trail report- All modifications to NCD certificate requisition requests must be shown on an audit trail report and NCD certificate requisition modification escalated to the next authority.

**NCD Certificate Issuance to Branches**

This involves the ordering and replacing of NCD certificates issued by AKI (The Association of Kenya Insurers) to Heritage Headquarters for issue to clients.

The system will have a provision to capture at a minimum the details of the schedule of NCD certificates issued out;

* *Type of NCD certificate issued*
* *serial number from*
* *Serial number to*
* *Number of NCD certificates issued*
* *Date of issue*
* *Station issued type*
* *Station issued name*
* *Given to*
* *Date given*
* *Issued by*
* *Approved by*

The system should have a provision to capture at a minimum the following details of the declared NCD certificate issued by the branches;

* *Branch name*
* *Type of NCD certificate issued*
* *Date of declaration*
* *NCD certificate number*
* *Name of insured*
* *Date of issue*
* *Registration number*
* *~~Branch~~ policy number*
* *Range of NCD certificates previously replaced*
* *Date of previous NCD certificate replacement*

*The system* will be able to automatically forward the raised NCD certificate issuance request to the head of the department for online authorization.

The system should provide for the approval or rejection of the NCD certificate issuance request and send feedback to the requestor communicating the same.

The system should have a provision to capture the NCD certificate number that will assist in tracing the certificate movement:

Identify the NCD certificate was issued to which branch

Identify the branch issued the NCD certificate to which client

The system should be able to allow the Heritage branches (in different geographical regions) to declare their NCD certificate usage online.

The system should be able to assign NCD certificates to transactions and allow spoilt NCD certificates to be cancelled immediately on the system.

**OUTPUTS**

A report for all approved NCD certificate issuance requests

A report for all rejected NCD certificate issuance requests.

A report showing unutilized (undeclared) NCD certificates.

A report monitoring the NCD certificate usage per branch.

A report showing cancelled NCD certificates

**NCD certificate allocation to each branch**

**NCD Certificate Issuance to Clients**

This involves the process of issuing NCD certificates directly to clients.

The system should have a provision to capture at a minimum the following details of each NCD certificate issued to clients

* *NCD certificate number*
* *name of insured*
* *policy number*
* *cover period*
* *Current NCD % level*
* *registration number*
* *issued by*
* *Previous Insurer NCD percentage level*
* *NCD certificate type*

The system will be able to automatically forward the raised NCD certificate issuance request to the head of the department for online authorization.

The system will provide for the approval or rejection of the NCD certificate issuance request and send feedback to the requestor communicating the same.

The system will have a provision to capture the NCD certificate number that will assist in tracing the NCD certificate movement:

*identify the certificate was issued to which branch*

*identify the branch issued the NCD certificate to which client*

*Identify the registration number*

***Output***

A report for all NCD certificates issued to clients.

# **Yellow Cards**

Yellow card documents are used to extend the geographic area of a policy for third party insurance (TPO) to other COMESA countries in motor insurance.

The system will have a provision to capture at a minimum the details of the cheque requisition form for the purchase of yellow card booklets;

* *date of requisition*
* *department sending requisition*
* *requisition sent to*
* *number of booklets ordered*
* *cost per booklet*
* *Total cost*
* *order prepared by*
* *date cheque is received*

The system will provide stock level management with the following minimum details;

*Capture yellow card serial numbers*

* *Allocate yellow card booklets to branches*
* *Set re - order limits*

The system will have a provision to capture at a minimum the following details of each yellow card issued;

* *yellow card number*
* *policy number*
* *date of issue*
* *vehicle registration number*
* *engine number*
* *chassis number*
* *type of body*
* *make of vehicle*
* *use*
* *type of vehicle (“car”; “lorry”; “bus”; “trailer”; “motorcycle”)*
* *valid from*
* *valid to / expiry date*
* *insured*
* *address of the insured*
* *insurer*
* *address of the insurer*
* *premium*
* *countries applicable*
* *name of bureau*
* *address of bureau*
* *Number of passengers*

The system will have a provision to capture at a minimum the following details of the COMESA countries;

* *Name of country*
* *Region of country*

The system should be able to automatically alert on the raised cheque requisition form for the purchase of yellow card booklets to the head of the department for online authorization

The system should provide for the approval or rejection of the cheque requisition form for the purchase of yellow card booklets and send feedback to the requestor communicating the same.

Once the head of department approves the requisition, the system will automatically forward the requisition to the finance department to prepare the cheque to pay the order.

The system will be able to debit yellow card premium on a yellow card on already existing clients within the system.

The system will be able to automatically calculate the premiums for the yellow cards e.g., premium per days \* number of days \* number of persons ;)

The system will be able to determine and alert where a vehicle has been issued a yellow card before cancelling any vehicle policy or deleting of vehicle from policy,.

The system will allow the claims department confirm and approve any yellow card claims.

**Yellow Card outputs**

A report for all yellow cards issued for given month or any other specified period.

A report for all yellow cards premiums for given month or any other specified period.

A report for all approved cheque requisition forms for the purchase of yellow card booklets.

A report for all declined cheque requisition forms for the purchase of yellow card booklets

A report showing the history of all cheque requisition forms for the purchase of yellow card booklets

A report showing the current status of a particular requisition request on different categories including:

* *requisition awaiting approval*
* *approved requisitions*
* *requisition cheque issued*

*A report of all yellow card issued per branch, per broker etc*

# **Managing Security Documents**

This involves in the management of documents that are stored in the safe such as log books and other collateral documents.

The system will have a provision to capture at a minimum the following details of the security document taken to the safe;

* security document type
* *Document reference Number*
* *Date document taken to safe*
* *Name of insured*
* *policy number of bond*
* *policy number of security*
* *Details of security document e.g., registration or lr no.*

The system will have a provision to capture at a minimum the following details of the security document removed from the safe;

* security document type
* *Document reference Number*
* *Date document taken to safe*
* *date removed*
* *Name of insured*
* *policy number of bond*
* *policy number of security*
* *issued to*
* *issued by*
* *Details of security document e.g., registration or lr no.*
* *approved by*

The system should have a provision to capture at a minimum the following details of the log books and /or other security detail received and removed from the safe;

*registration number*

*Cover details of the vehicle (Policy number, sum insured, cover type and cover dates)*

* *vehicle owner or plot LR number*
* *contact details of the owner*
* *chassis number*
* *engine number*
* *vehicle colour*
* *vehicle make*
* *vehicle model*
* *logbook or title deed number*

The system will be able to link one security document to several bonds.

The system will not allow Heritage to return the security document until all the bonds linked to it have been cancelled.

The system will restrict cancellation/revision of cover where a risk is being used as security.

**Outputs**

A report for all security documents and values attached.

# **Filing of Active Files**

This involves filing of active files.

The system will have a provision to capture at a minimum the following details of each active file;

* *policy number*
* *insured*
* *broker*
* *class*
* *file status ("opened"; "not opened")*
* *person holding the file's correspondence*

The system will have a provision to capture at a minimum the following details of each general file;

* *general file number*
* *insured*
* *broker*
* *file status ("opened"; "not opened")*
* *person holding the file's correspondence*

The system will be able to track the person who is currently holding the correspondence of a particular file.

The system will be able to link the general files to the active files in the system.

# **Premium Financing**

* The system will allow users to diarize follow up of the insurance premium forms.
* The system will be able to send alerts to the claims and finance departments where there is premium finance for further action.
* The system will be able to track the movement of premium finance records.
* If some of the amount of the policy is paid in cash and the remaining amount in IPF. Authorise after full payment
* If the full amount is to be paid by IPF issue one month certificate. The decision to issue a certificate for one month or more should be left to the underwriter. There are situations where certificates are issued in full and premium financing is arranged later.
* Commission to agent is to be paid on full payment of the IPF.
* The details captured are not exhaustive. Turnkey should refer to the previous RFP document t issued by heritage.

# **Other Underwriting Function & Checks**

The system continuously track the accumulation per class, per client and for the whole company to ensure that where a limit has been set in the business rules, the system does not accumulate more than the specified limit. This is useful for Bonds where the company would be interested to make sure the exposure does not exceed a specified amount. The exposure can be tracked at the client level, the policy level, the risk level and at the company level. For all bonds additional reports are provided to list expired but not cancelled bonds, existing bonds and total exposure.

Through an exception management system, TurnQuest is able to track all the deviations from the set business rules. These deviations in all cases have to be authorized before a transaction can be authorized. The person authorizing an exception has to provide the reason for the deviation and this information can be tracked and audited at any later time.

TurnQuest MIS is a module that gives the user of the system a powerful capability to search and report on any client, policy or claim. Give one the ability to view clients’ or Agent’s entire portfolio, get a report of all the transaction done on all the policies or claims, get a claims experience and the various others reports available in the system.

The system allows you to keep notes per policy or per claim. These notes are available at any time you are working on a policy.

# **REINSURANCE FUNCTIONS**

Reinsurance is a means by which an insurance company can protect itself against the risk of losses by ceding all or part of the risk undertaken with other insurance companies or reinsurance companies.

TurnQuest GIS will provide the functionality to manage the following types of reinsurance business:

* Facultative inward business
* Facultative outward business
* Proportional Treaties
* Non - proportional treaties

* 1. **FACULTATIVE INWARDS**

The following is the functionality provided by TurnQuest GIS for the management of facultative inward business:

Ability to underwrite facultative inward business. The process of underwriting is similar to that of underwriting any other direct/agency/brokerage business. However, when defining a new facultative inward policy, the underwriter specifies that the policy is facultative inward and inputs the information given by the ceding company.

The system should have a capability of capturing in primary broker (broker who gave the ceding insurance company business). This will be an LOV with an option of keying in non-existent broker (in the system) who should be saved and available in for use in future.

Ability to capture the information on the offer slips of the ceding company.

All other processes described in the underwriting off new business are also available for facultative inward underwriting where applicable.

After authorization of the transaction, a debit note is then raised and a guarantee policy prepared and dispatched to the cedant

Ability to take care of the accounting aspect for facultative inward business

By default the cessions for facultative inward should be a percentage defined in the system (usually 50% of normal treaty)

* 1. **FACULTATIVE OUTWARDS**

The following is the functionality provided by TurnQuest GIS to manage facultative outward business:

Ability to determine an excess over treaty capacity. The user can also at their own discretion allocate a percentage of the risk to be ceded to facultative reinsurers.

The user then selects various insurer and/or reinsurers to place the excess with, indicating what share of the excess they are invited to take. The system ensures that any coinsurance participants on the risks are not selected for facultative placement. NB: this should not be mandatory but should be allowed with an exception. At this point, the user can then draft a letter (offer slip) to the various reinsurers using the TurnQuest GIS memos & Letters modules.

Upon receiving confirmation (filled offer slips) from the selected reinsurers and ensuring that any leftovers are taken up, the users then updates the system with the final placement percentages and the system computes commission for each reinsurer and the premium thereof.

At this point the facultative placement is considered ready for authorization and the crediting of account is done upon authorization as further explained in the authorization section of underwriting

* 1. **PROPORTIONAL TREATIES**

TurnQuest GIS provides the following functionality for the management of proportional treaties:

* Ability to define proportional treaty arrangements for an underwriting year. The information captured per treaty includes:
* Period of insurance – the contract effective period.
* Type of treaty – Mandatory, Quota share or surplus
* Class of business – the classes of business covered.
* Territorial scope – the territorial scope.
* Retention limits – the maximum the company can retain. Can be specified per class of business. For quota share arrangement, the retention limit is considered as the maximum capacity inclusive of the quota share treaties.
* EML – estimated maximum loss that can be applied. Can be specified per class of business.
* Rate – the sharing ratio, can be expressed as lines for surplus treaties or as a percentage for mandatory and quota share treaties
* Classification of risks. – A classification defined by the treaty to increase or reduce the retention limit depending on the type (e.g., how risky) of risk. E.g., class I risk could be concrete building with slap roof with a higher retention compared to a class II risk that could be a wooden prefabricated building with grass thatched roofing next to smelting factory. However, this is also based on the type of trade.
* Reinsurance commission – a commission percentage chargeable on premium ceded to the treaty.
* Profit commission rate – a commission rate chargeable on premium profits earned by the treaty.
* Cash call limits – a limit beyond which the treaty claim share amount is exceeded, the insurance company can make a cash call for the same from the treaty.
* Occurrence limit – the limit due to a natural hazard like earthquake, the limit is an over - ride of the retention limits, being the total claims due to one catastrophe.
* Attaching clauses for the treaty.
* Accounting returns period. (Monthly, Quarterly, Semi Annually or Annually)
* Interest on reserve – the interest rate chargeable on the premium reserves retained released during the period.
* Tax on interest – tax on interest paid on released premium.
* Ability to combine several treaties to form a treaty arrangement for a class or several classes of business. An arrangement can be made up of a mandatory treaty, several layers of quota share and several layers of surplus treaties
* Ability to reinsure or cede to proportional treaties as further defined in the underwriting section of this document.

* + 1. **Treaty Premium Bordereaux**

TurnQuest GIS will provide treaty premium bordereaux containing a detailed list of policies reinsured under a reinsurance treaty during a reporting period. The report will have parameter that will allow the user to report separately for direct and indirect business (non - facultative inward and facultative inward business respectively).

For both reports, the information shown on treaty premium bordereaux includes:

* Cession no
* Policy no
* Period of insurance
* Insured
* Description of risk
* Gross sum assured
* Gross Premium
* Retention percentage
* Retention sum assured
* Retention premium
* Treaty percentage
* Treaty sum assured
* Treaty premium
* Facultative percentage
* Facultative sum assured
* Facultative premium

* + 1. **Treaty Claim Paid Bordereaux**

TurnQuest GIS will provide a treaty claims paid bordereaux containing a detailed list of claims paid under a reinsurance treaty during a reporting period. The report will have parameter that will allow the user to report separately for direct and indirect business (non - facultative inward and facultative inward business respectively).

For both reports, the information shown on the treaty claim paid bordereaux includes:

* Claim no.
* Date of loss
* Policy no.
* Period of insurance
* Insured
* Sum assured
* Loss amount
* Expenses/third party if any
* Total Amount (loss amount plus expenses)
* Mandatory cession claims paid
* Retention claims paid
* Surplus cession claims paid
* Facultative claims paid

* + 1. **Treaty Claim Outstanding Bordereaux**

TurnQuest GIS will provide a treaty claims outstanding bordereaux containing a detailed list of claims outstanding under a reinsurance treaty during a reporting period. The report will have parameter that will allow the user to report separately for direct and indirect business (non - facultative inward and facultative inward business respectively).

For both reports, the Information shown on the treaty claim paid bordereaux includes:

* Claim no.
* Date of loss
* Policy no.
* Period of insurance
* Insured
* Sum assured
* Outstanding amount
* Expenses outstanding amount/third party if any.
* Total outstanding Amount (outstanding amount plus expenses)
* Mandatory cession claims Outstanding
* Retention claims Outstanding
* Surplus cession claims Outstanding
* Facultative claims Outstanding
  + 1. **Risk and Loss Profiles**

The TurnQuest GIS will produce a risk profiles report that groups all risks as per predefined Sum insured bands showing the aggregate sum insured, premium and claims as further defined below.

**Inputs**

The risk profiles reports depend on:

* + - Underwriting and claims data including its reinsurance apportionment.

Risk bands defined by the reinsurance department. As many bands can be defined depending on the level of granularity required

**Processing**

Upon selecting a period of cover, predefined bands and the classes of business to be profiled, the system will be able to generate a risk profile reports as defined in the outputs.

The system will also provide a screen and a report to show the risks making up the risks in every band of the risk profiles report

**Outputs**

Risk Profile Report

For every band in the risk profile the following data will be provided:

* Band From
* Band To
* No of Risks
* Gross sum insured
* Average sum insured
* Premium (Gross, Treaties, Facultative and Net)
* No of paid claims
* Paid Claims (Gross, Treaties, Facultative and Net)
* No of outstanding claims
* Outstanding claims (Gross, Treaties, Facultative and Net)
* The report will be run for all classes or per class or per sub classes
* The user will be able to select whether the system should stratify based on gross sum insured or the net sum insured.
* For report will show prepared by and prepared date
* The system will provide the functionality to generate a report showing the risks under any one band in a profile. The following details will be shown:
* Risk Description
* Risk Gross Sum Insured
* Risk premium (Gross, Treaties, Facultative and Net)
* Risk Paid Claims (Gross, Treaties, Facultative and Net)
* Risk Outstanding claims (Gross, Treaties, Facultative and Net)
* The system will generate this reports depending on whether the treaty is a run - off or clean cut treaty as follows;

For clean cut treaties, the report shows:

* The sum assured and premium collected on risks underwritten in the underwriting year.
* All claims paid (net paid) on the class of business in the given period
* Outstanding losses as at the end of the period, irrespective of the loss date or whether reserve is done in a previous period.
* For run - off treaties, the report shows:
* The premium and sum insured collected in a given period for the risks incepted in a specified underwriting year.
* Claims paid (net paid) in a given period for the risks incepted in a specified underwriting year.
* Claims incurred in a given period for the risks incepted in a specified underwriting year
  + 1. **Treaty Account Statement (Treaty Summary)**

TurnQuest GIS will generate quarterly statements with the following details:

* Gross Premium for direct and indirect business (This is premium that was collected for the reinsured class of business)
* Commissions for direct and indirect business (Commission that is due from the reinsurance company to Heritage Insurance Company)
* Losses accruing for direct and indirect business (Claims that have been made during the period)
* Cash calls add back for direct and indirect business (This is cash that was requested from the reinsurance company to service a very huge claim that may have occurred during the quarter for which reinsurance was immediately needed.
* Net premium for direct and indirect business
  + 1. **Treaty Statistics**

TurnQuest GIS will provide treaty statistics reports that will be depending on whether the treaty is a clean cut or a run - off.

For clean cut treaty arrangements, the statistics report will contain the following columns:

* Treaty Year
* Premium ceded – Premium ceded to the treaty in the treaty year
* Premium portfolio assumption – Premium portfolio brought forward from the previous year (corresponding to the portfolio withdrawal premium for the previous year).
* Premium portfolio withdrawal – This is a percentage of the premium ceded to the treaty in any one year that is carried forward to a subsequent year’s treaty. The percentage is always specified in the treaty agreement.
* Premium earned – is premium ceded plus the portfolio assumption less portfolio withdrawal for the treaty year.
* Losses paid – is the net paid claims on the treaty in the said period.
* Loss portfolio assumption – Loss portfolio brought forward from the previous year (corresponding to the loss portfolio withdrawal for the previous year)
* Loss portfolio withdrawal – This is a percentage of the losses outstanding ceded to the treaty in any one year that is carried forward to a subsequent year’s treaty. The percentage is always specified in the treaty agreement
* Incurred losses – is the losses paid plus the portfolio loss assumption less portfolio loss withdrawal for the treaty year.
* Commission – is the commission paid by the treaty to the company for the premium ceded in the treaty year
* Net Profit – is the premium earned less incurred losses less commission.

For run - off treaty arrangements, the statistics report will show for every treaty year, the premium ceded, commission received, losses paid, losses outstanding, losses incurred, losses incurred as % of premium and profit or losses for every year the treaty has been in existence, where

* Loss. Inc % of premium is losses incurred as percentage of premium.
* Profit or Losses is calculated as premium less commission and losses incurred

* + 1. **Profit Commission Statement**

The profit commission is the amount paid to the ceding company out of the profits which it makes. for the reinsurers i.e., after paying reinsurance commission and expenses expressed as a percentage of the premium. TurnQuest GIS will generate the profit commission statement depending on whether the treaty is a clean cut or a run - off.

For clean cut treaty arrangements, the Profit commission statement is split in two main sections; Income and Outgo. For a given treaty year, the profit commission will have the following:

* Income
* Premium– Premium ceded to the treaty
* Loss Reserve B/F – Loss taken on by the treaty at beginning of year
* Premium Reserve B/F – Premium taken on by the treaty at beginning of year
* Total Income – Premium ceded plus loss portfolio B/F plus premium portfolio B/F
* Outgo
* Commission – Commission paid by the treaty
* Losses Paid – Losses paid by the treaty
* Premium P/W W – Premium portfolio at end of treaty year as defined in the treaty agreement
* Loss P/F W – Loss portfolio at end of treaty year as defined in the treaty agreement
* Premium Reserve – A percentage of the total premium for the portfolio at the end of the year as defined in the treaty agreement.
* Management expenses – Expenses as a percentage of the premium. The percentage is defined in the treaty agreement.
* Total Outgo – summation of all the outgo items. i.e., Commission plus losses paid plus premium portfolio withdrawal plus loss portfolio withdrawal plus management expenses.
* Profit / Loss – total Income less total outgo.

For runoff treaties, the profit commission is less frequently prepared given the long term nature of the treaty. The layout for the run - off treaty profit commission statement is as below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| FIG. KES. |  |  |  |  |  |  |
| TREATY u/w YEAR | % | FIRE | ENGG | ACCIDENT | BOND | GRAND |
|  |  | SURPLUS |  |  | QUOTA SHARE | TOTAL |
|  |  |  |  |  | (Due after 36 months) |  |
| INCOME |  |  |  |  |  | 0 |
|  |  |  |  |  |  | 0 |
| PREMIUM |  | 294, 461, 457 | 82, 231, 827 | 318, 709, 906 | 15, 729, 412 | 711, 132, 602 |
|  |  |  |  |  |  | 0 |
| PREMIUM RESERVE | B/F | 90, 884, 725 | 25, 094, 295 | 47, 426, 417 |  | 163, 405, 437 |
|  |  |  |  |  |  | 0 |
| LOSS RESERVE | B/F | 45, 024, 404 | 38, 016, 000 | 80, 094, 200 |  | 163, 134, 604 |
|  |  |  |  |  |  | 0 |
| TOTAL INCOME |  | 430, 370, 586 | 145, 342, 122 | 446, 230, 523 | 15, 729, 412 | 1, 037, 672, 643 |
|  |  |  |  |  |  |  |
| OUTGO |  |  |  |  |  | 0 |
| COMMISSION |  | 103, 061, 510 | 26, 725, 344 | 87, 645, 224 | 4, 718, 824 | 222, 150, 901 |
|  |  |  |  |  |  | 0 |
| LOSSES PAID |  | 7, 836, 485 | 73, 644, 476 | 27, 064, 823 | 0 | 108, 545, 784 |
| PREMIUM P/F W |  | 66, 989, 981 |  |  |  | 66, 989, 981 |
| PREMIUM RESERVE | 50% |  | 22, 202, 593 | 115, 532, 341 | 0 | 137, 734, 934 |
|  |  |  |  |  |  | 0 |
| LOSS RESERVE | 1 | 0 | 1, 311, 300 | 161, 764, 200 | 0 | 163, 075, 500 |
| LOSS P/F W |  | 259, 690, 332 |  |  |  | 259, 690, 332 |
| MANAGEMENT EXP | 7. 50% | 22, 084, 609 | 6, 167, 387 | 23, 903, 243 | 1, 179, 706 | 53, 334, 945 |
|  |  |  |  |  |  |  |
| TOTAL OUTGO |  | 459, 662, 918 | 130, 051, 100 | 415, 909, 831 | 5, 898, 530 | 1, 011, 522, 378 |
|  |  |  |  |  |  |  |
| PROFIT / LOSS |  | - 29, 292, 332 | 15, 291, 022 | 30, 320, 692 | 9, 830, 883 | 26, 150, 265 |
|  |  |  |  |  |  |  |
| PROFIT COMMISSION |  | 0 | 4, 587, 307 | 8, 338, 190 | 1, 966, 177 | 14, 891, 673 |
|  |  | 30% | 30% | 27. 5% | 20. 00% |  |
|  |  |  |  |  |  |  |
| Munich RE |  |  |  |  | 40% | 5, 956, 669 |
| J. B Boda&co |  |  |  |  | 60% | 8, 935, 004 |
| PTA Re | 35% |  |  | 5, 212, 086 |  |  |
| Africa Re | 25% |  |  | 3, 722, 918 |  |  |
|  |  |  |  |  |  |  |
| Total |  |  |  |  |  | 14, 891, 673 |

* + 1. **Portfolio Adjustment**

The portfolio adjustment report is used to determine the premium and losses that reinsurers withdrawing from a portfolio are giving out and what incoming reinsurers are taking. The report is will be generated from the TurnQuest GIS at the end of treaty period to facilitate the transfer of a portfolio from one treaty to another especially where the treaty participants are changing and also where the percentage changes.

Portfolio adjustment report is only prepared for clean cut treaties.

* 1. **NON - PROPORTIONAL TREATIES (EXCESS OF LOSS)**

This is a treaty arrangement whereby an insurer decides the maximum amount which he is prepared to bear in respect of anyone loss, and the reinsurers agree to pay a proportion or the whole of the excess of any loss which exceeds that amount. There is usually an upper limit to such a treaty. As soon as the amount retained is exceeded, the reinsurers are interested and are responsible for the proportion of claims and expenses (plus additional amounts for companies expenses) in proportion which their interest bears to that of the ceding company. Thus the ceding company only gives shares of larger risks to itself reinsurers, thereby retaining more of its own premium and potential profit. The treaties may be arranged in layers to protect against different limits of claims.

For example, the insurer may agree to bear the first 5, 000, 000 of any loss, and the treaty may pay, say 90 per cent of the excess of any loss up to 100, 000, 000/= another treaty may be arranged to pay the excess beyond 100, 000, 000.

XOL treaties are arranged at the beginning of the year. Heritage insurance Company pays a deposit premium to XOL reinsurers at the beginning of the year. The premium is computed as follows:

Deposit premium = Estimated Gross Net Premium Income (EGNPI) X a rate

Where the rate is normally provided during treaty negotiation or can be adjusted using the following formula

Rate = incurred loss/EGNPI X 100 X Burning cost

The burning cost (also known as loading factor) is a predetermined figure usually (100/70)

If the rate is below the industry average minimum rate, the minimum rate is used.

A minimum premium may instead be required by the reinsurers instead of the deposit premium. At the moment, the deposit premium of all Heritage Insurance Company XOL treaties is the same as its minimum premium and must be paid before policy goes on cover.

There are three types of XOL treaties. This are:

* *Working Excess of Loss* – cover against retained losses arising from a single claims or aggregate retained losses from several claims arising out of a single event for all classes of business covered by the XOL treaty.
* *Catastrophe Excess of Loss*- covers against retained single loss or series of losses arising from a single event of catastrophic nature and exceeding a certain pre - agreed amount for all classes of business covered by the XOL treaty.
* *Stop Loss Excess of Loss* – covers against any retained single loss or a series of losses arising exceeding a pre - agreed amount and for all classes of business

The liability basis underlying a XOL reinsurance treaty arrangement may be either claim made or losses occurring basis. A claim made basis XOL treaty applies where the reinsurer for a particular treaty year accepts liability for claims outstanding at the beginning of the treaty year and claims occurring during the treaty year regardless of when the claims occurred and a portfolio transfer occurs at the end of the treaty year. In contrast, losses occurring basis XOL treaty applies where the reinsurer for a particular treaty year participates in all claims assumed during that year and remains on liability until all the claims intimated in the treaty year are fully settled. Therefore, under the claim made basis XOL treaties, the reinsurer is responsible for payment of its share of all claims whose loss date is within the treaty year.

* + 1. **XOL Treaty**

XOL treaties are defined in TurnQuest GIS at the beginning of the year to enable processing of claims. The following are the XOL parameters defined:

* Period of insurance – the contract period.
* List of classes covered by the treaty.
* Geographical limits.
* Deductible – The amount retained by the insurer beyond which the insurer would recover from the XOL treaty.
* Maximum limit (treaty limit or aggregate limit) – the maximum loss amount that can be recovered from the treaty on one claim.
* Cash loss limit – Is a % of the deductible where all claims hitting that amount should be notified to the reinsurers. The percentage is specified in the treaty agreement
* Adjustment rate – the XOL adjustment rate (a minimum and a maximum rate can also be provided).
* Loading rate – burning cost loading rate can be defined e.g., 100/75.
* Deposit premium – the deposit premium payable at the beginning of the contract.
* Reinstatement – reinstating the treaty if the capacity is exhausted.
* Reinsurance premium tax – tax payable on premium paid to foreign reinsurers.
* Clauses attaching.
* List of participants and their share ratios.

#### **XOL Processing**

The following is the XOL processing functionality in TurnQuest GIS:

* Ability to raise an alert to reinsurance department when a claim hits the cash loss limit.
* Ability to group claims arising out of one event or catastrophe and recovering from the XOL treaty based on the aggregate claim retained.
* Ability for the RI department to generate a letter using the TurnQuest Memos & Letter module to notify the XOL reinsurers of the claim hitting the cash loss limit.
* On authorization of the XOL transaction, the amounts are updated to the reinsurers accounts in the general ledger

* + 1. **XOL Adjustments**

XOL adjustment is done at the end of the year to determine the actual premium to be paid by the insurer to the reinsurer for the business covered during the year. Where the actual premium is more that the minimum and deposit premium, the insurer pays the extra premium to the reinsurer. No refund is done by the reinsurer where the actual premium is less than the deposit premium. A sample XOL adjustment report that will be generated from the TurnQuest GIS is shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | HERITAGE INSURANCE COMPANY |  |  |  |  |
|  | Amount in KES. '000’ 2010 |  |  |  |  |
| Dept. | GNPI | Rate | XOL Premium= (GNPI\*RATE) | M & D premium | Net XOL premium |
| Motor |  | 1. 40% | 0 |  |  |
|  |  | 3. 00% | 0 |  |  |
|  |  | 1. 14% | 0 |  |  |
|  |  |  |  |  | 0 |
| Marine |  | 2. 90% | 0 |  |  |
|  |  | 6. 23% | 0 |  |  |
|  |  | 2. 65% | 0 |  |  |
|  |  | 3. 55% | 0 |  |  |
|  |  |  |  |  | 0 |
| Net Account |  | 1. 75% | 0 |  |  |
|  |  | 2. 50% | 0 |  |  |
|  |  | 1. 70% | 0 |  |  |
|  |  |  |  |  | 0 |
|  |  |  | Net XoL Premium | 0 |  |
|  |  |  | Less M & D P | 0 |  |
|  |  |  | Net Adjustment | 0 |  |
|  |  |  |  |  |  |
|  |  |  | Munich Re 40% | 0 |  |
|  |  |  | JB Boda 60% ( PTA Re 35%, Africa Re 25%) | 0 |  |

Notes

* The claims paid figure is the total retained payments on the claim whose loss date is the within the treaty year.
* Outstanding claims figure is the total retained outstanding claims on claims whose loss date is within the treaty year.
* GNPI is computed based on reinsurance underwritten in the treaty year.

Where the calculated adjustment rate is greater than the treaty agreed maximum adjustment rate, then the maximum is used. If less than minimum agreed rate, then minimum is used. Else the calculated rate is used. Where a definite rate is given (as opposed to a range) , then the computation above is foregone and the specified rate used.

XOL Treaty needs to ensure that all premiums (even below net retention) go to the total premium during MDP calculation

MDP Calculation needs to process some transactions and then run the adjustment calculation.

* + 1. **Reinstatement of Cover**

For every loss that an insurance company suffers, cover is used up and as such there’s need to restore the burnt/used up aspect of the cover by paying extra premium to the reinsurers. Reinstatement is at 100% additional premium as to time, pro rata as to amount.

When negotiating for Xol treaties, Heritage Insurance Company are normally advised onto the number of times the reinstatements can be done per line

Reinstatement premium is of 2 types:

Provisional reinstatement premium

Final reinstatement premium

Provisional reinstatement premium is calculated as follows:

Loss to cover X MDP (Minimum and Deposit Premium) - - - - - - - - - - - - - - (i)

Cover

Final reinstatement premium is calculated as follows:

Loss to cover X rate X GNPI (Gross Net Premium Income) - - - - - - - - - - - - (ii)

Cover

Hence, Final reinstatement premium = eqn (ii) – eqn (i)

Any other conditions applicable are applied/taken into account accordingly e.g.,

Reinstatement as to amount only and reinstatement as to amount and time.

Reinstatement as to amount = Loss/claim amount (reinsurers’ share) X MDP/Adjusted amount

Cover

Reinstatement as to amount and time = (Reinstatement as to amount) X No of days left on the risk in the year.

At Heritage Insurance Company the Accounts department prepares reinstatement premium depending on what the treaty states i.e., for every loss that an insurance company suffers, cover is used up and as such there’s need to restore the burnt/used up aspect of the cover.

Reinstatements are calculated as to time. Reinstatement is at 100% additional premium as to time, pro rata as to amount.

Actual premiums received by the reinsurers for the treaty will be:

Actual premium + Reinstatement premium

* 1. **OTHER REINSURANCE REPORTS**
     1. **Large Losses Processing Inputs**

Large losses processing will be done upon authorization of any claims transaction. Heritage Insurance Company will need to have defined the cash call limits for proportional treaties and the deductible for non - proportional treaties.

**Large Losses Processing Processes**

The following will be the processing consideration for large losses:

* TurnQuest will alert reinsurance department on system when a large claim is booked and authorized.
* For proportional treaties, large claims will be those where the claim estimate is greater or equal to the cash loss limit.

**Large Losses Processing Output**

The following reports will be provided:

* Large Risks Report
* Shows all risks with a sum insured exceeding a specified amount. The user running the report will provide the class of business, amount and the period for the report. The following will be the columns on this report
* Risk description
* Insured’s name
* Policy no.
* Sum insured (company share)
* Gross premium (company share)

**Large Losses Report**

Will show all the claims with incurred losses of a specified amount and over per class of business or per treaty. The report will contain the following columns:

Claims No.

Class

Date of loss

Underwriting year

Insured

Claim Status

Gross Incurred, Paid and Outstanding

Mandatory Incurred, Paid and Outstanding

Quota Share Incurred, Paid and Outstanding

1st surplus Incurred, Paid and Outstanding

2nd surplus incurred, Paid and Outstanding

Facultative incurred, Paid and Outstanding

Net Incurred, Paid and Outstanding

* + 1. **Claims Triangulation**

Claims triangulation is used to track how individual claims develop from initiation to payment. This is usually done for those claims under portfolios which are protected on excess of loss basis for purposed of claims recovery from reinsurers.

**Claims Triangulation Processing**

The system will provide a report that shows the history of a claim from its initiation to date. The report will show for every year the claims incurred, paid and outstanding amounts for all claims whose gross incurred are equal to or exceeding a specified percentage of the current year’s deductible.

**Claims Triangulation Outputs**

The claims triangulation report explained above will have the following columns:

* Name of Insured
* Claim Number
* Date of loss
* Status
* For every year, show since intimation
* Paid Amount
* Outstanding Amount
* Total
  + 1. **Accumulation of Exposure**

TurnQuest GIS provide the functionality to keep track of the exposure that Heritage Insurance Company is subjected to as it takes. on risks. This can only by achieved ensuring that the underwriters specify the zone a risk falls into.

**Accumulation Exposure Inputs**

For the system to produce the accumulation report, the company needs to have defined the accumulation zones so that underwriter can select from this predefined list at underwriting.

**Accumulation Exposure Outputs**

The following reports will be provided to track accumulation exposure:

Accumulation exposure report Will contain the following information as at a given date:

* Zone
* Classification
* Transaction Date
* Policy No
* Endorsement No
* Gross SI & Gross Premium
* Net SI & Net Premium
* Mandatory SI & Mandatory Premium
* Quota SI & Quota Premium
* 1st Surplus SI & 1st Surplus Premium
* 2nd Surplus SI & Premium
* Facultative SI & Premium

The report will have summary rows showing totals per sub classes and a grand total

Summary Accumulation exposure report (Summarized by zone)

* Printed as at a given date
* Zone
* Sub class
* Gross SI & Gross Premium
* Net SI & Net Premium
* Mandatory SI & Mandatory Premium
* Quota SI & Quota Premium
* 1st Surplus SI & 1st Surplus Premium
* 2nd Surplus SI & Premium
* Facultative SI & Premium

The report will have a summary row showing the grand total

# **CLAIMS FUNCTIONS**

TurnQuest GIS will provide the following functionality for the management of claims:

Ability to register claims as further explained in new claims section below.

Ability to register more than one claim on a policy file ensuring that at the point of registration, the user is notified of the existing of any claims that might have the same loss date to avoid duplication

Ability to access the details of the policy as captured at underwriting to facilitate the opening and processing of the claim.

Ability to perform the following claims transactions:

Claim opening/intimation

Claim revisions – for increasing/decreasing of reserves

Claim payment to claimants

Claim fee payment to service providers

Claim salvages

Claim recoveries (Excess and Third party recoveries)

Claim reopening

Claim contra – reversing erroneous transaction

Ability to generate the various letter and memos required in claims processing

Ability to track all the required documents and ensuring that they are obtained before starting the processing of a claim.

Ability to alert co - workers and set reminders

* 1. **REGISTRATION OF NEW CLAIMS**

For new claims, TurnQuest GIS provides the following functionality:

Ability to register a new claim by specifying the policy number, the loss date and the date of claim was reported. Based on this information, the system then display the risks on cover on the policy at the time of loss for the user to select the claim risk.

Ability to ensure that cover exists at the time of loss before allowing the user to create a claim.

Ability to have a provisional loss date only authorize after setting the correct loss date.

Ability to generate a claim number in Heritage format. This is the format [TY][YY][PROD][SERIALNO]. This is yearly, Per Product, All branches.

Functionality to process coinsurance recoveries, where the company elects to pay the full amount in a coinsurance arrangement, where the company is the leader. The system automatically picks the co - insurance ratios as specified at underwriting.

Ability to capture the list of additional claim support documents required from the claimants, and tracking when they are received.

The ability to specify the perils for the claim and create and maintain reserves per peril

Ability to process reinsurance apportionment of the claim based on the reinsurance ratios at underwriting.

Ability to specify service providers from a predefined list and expected services detailing start and end date.

Ability to specify the claimants including the insured and other third party claimants stating their claimed amounts.

Ability to alert the reinsurance department where the claim reserves are beyond the thresholds defined by reinsurance agreement.

Ability to consolidate multiple claims arising from one event and/or catastrophe for purposes of recovering from XOL treaties.

Online approval of the claim opening including the initial claims reserve. Upon approval or authorization, the ability to automatically post the voucher details to the TurnQuest General Ledger.

Ability to schedule any issues requiring addressing in future e.g., follow - up for additional claims support documents.

Functionality to print a claim reserve voucher upon authorization of the claim opening transaction with the following details:

* Type
* Number
* Date
* Claim No
* Policy No
* Risk ID
* Policy Holder
* Insured person
* Risk code
* Date of loss
* Causation
* Date advised
* Underwriting year
* Agency
* Loss Description
* New Reserve Amount
* Peril
* Reserve amount
* Re - insurance account
* Re - insurance/Co - insurance Percentage (%)
* Reserve amount

* 1. **CLAIM REVISIONS**

The claims revision transaction enables a user to update the information provided for any claim that has not been closed. The transaction can also be used to close a claim.

* + 1. **Claim Revisions Inputs**

The inputs to the claims revision transaction depends on what the user what to change. This could be as a result of more information from the client or a new reserve that has to be updated. The following could be the inputs to the claims revision transactions:

* The survey report from the loss assessors
* Appointment of service providers
* Court details
* And any other information required at claim opening as listed above not provided
  + 1. **Claim Revisions Processes**

A claims revision transaction follows the same process as a claims opening transaction. All the information provided at claims opening can be added, updated or deleted.

* + 1. **Claim Revisions Outputs**

Output is similar to claims opening outputs.

* 1. **CLAIM PAYMENTS**

The claims payment transaction in TurnQuest provides the functionality to process payment to claimants.

* + 1. **Claim Payments Inputs**

The inputs to the TurnQuest GIS claims payment process are:

* Claimant, as defined at claim booking
* Pay method (credit note or cheque)
* Date
* Payee (where different from the claimant)
* Perils, against which the claim payment amount is placed including the excess amount and the depreciation if applicable
* Payment voucher narration.
* Coinsurance Details as specified at claim opening where the payment is paid in full and the system the generate debit notes to the other co-insurers.

Excess needs to be included in the claims calculation for the net claim

* + 1. **Claim Payments Processes**

Ability to create a payment voucher based on the information given above. The payable amount will be less the deductible.

Ability to process claim payments payable by cheque by creating a cheque requisition in TurnQuest FMS or payable by credit note by posting a credit note to the clients or brokers account.

Where the claim is paid by cheque, upon printing of the cheque requisition in TurnQuest FMS, the cheque no and cheque date is updated on the payment voucher in the TurnQuest GIS.

Ability to maintain the outstanding reserve upon payment

Ability to alert an approver or reviewer when a transaction is pending their action.

Ability to different between direct and non - direct claims (non - facultative inward and facultative inward claims respectively).

Ability to pay full amount where the company is the leader in a coinsurance policy while debiting the co-insurers with their share.

Ability to cession the claims paid amount to the various treaty and facultative reinsurers raises debit notes and posting to TurnQuest Financial management System.

Ability to process claim payment for third party claimants

* + 1. **Claim Payments Outputs**

The outputs for the claim payment transaction are:

* A claims payment voucher
* Debit notes to reinsurers
* Debits notes to co-insurers where the company is a leader in the coinsurance arrangement and payment is made of full amount

* 1. **CLAIM FEE PAYMENTS**

The claims fee payment transaction in TurnQuest provides the functionality to process payment to service providers.

* + 1. **Claim Payments Inputs**

The inputs to the TurnQuest GIS claims fee payment process are:

* Service provider to be paid
* Claimant, as defined at claim booking
* Pay method (credit note or cheque)
* Date
* Payee (where different from the service provider)
* Perils, against which the claim payment amount is placed.
* Payment voucher narration.
* Coinsurance Details as specified at claim opening where the payment is paid in full and the system generates debit notes to the other co-insurers.

* + 1. **Claim Payments Processes**

Ability to create a payment voucher based on the information given above.

Ability to process claim fee payments payable by cheque by creating a cheque requisition in TurnQuest FMS or payable by credit note by posting a credit note to the service provider account.

Where the claim is paid by cheque, upon printing of the cheque requisition in TurnQuest FMS, the cheque no and cheque date is updated on the payment voucher in the TurnQuest GIS.

Ability to maintain the outstanding reserve upon payment

Ability to alert an approver or reviewer when a transaction is pending their action.

Ability to differentiate between direct and non - direct claims (non - facultative inward and facultative inward claims respectively).

Ability to pay full amount where the company is the leader in a coinsurance policy while debiting the co-insurers with their share.

Ability to cession the claims paid amount to the various treaty and facultative reinsurers raises debit notes and posting to TurnQuest Financial management System.

Ability to process claim payment for third party claimants

* + 1. **Claim Payments Outputs**

The outputs for the claim payment transaction are:

* A claims payment voucher
* Debit notes to reinsurers
* Debits notes to co-insurers where the company is a leader in the coinsurance arrangement and payment is made of full amount.
  1. **CLAIM SALVAGES**

At claim opening or at a later point during claims processing, the user can specify whether a claim is a total loss and therefore if the company has the salvage as a result (Need to add an option to include ‘retained by owner’ where the net claim is reduced by this amount. ). At this point, TurnQuest gives the user the ability to specify the following salvage details:

* Salvage description
* Salvage location
* Remarks – any details to record.
* Salvage buyer.
* Total sale price, and the perils.
* Date
* Description of parts sold.
* Bid min and max prices.
* Assessed salvage amount
* storage fee
* Storage period
* Storage company
* Date - when the tender is send out
* Sale status- To be opened, In sale process, Awaiting invitation of tender, To be auctioneered, Sold, Other status - Then an option of describing
* Buyer and the buying price
  + 1. **Claim Salvage Processes**

TurnQuest will provide the following salvage processing functionality:

Ability to maintain a detailed log of all the salvage sold or outstanding.

Ability to record details of the returned bids storing the following information.

Ability to mark claim as a total loss. Total loss may lead to salvage or not. For example total loss resulting from theft will not lead to lead to salvage.

Partial loss may also lead to capturing of salvage.

Ability to receipt the amount received when the bidder pays. The receipt will be processed in TurnQuest FMS and automatically allocated to the claim. The bid will be cessioned out to the various reinsurers or co - insurers and their portion posted to their accounts.

* + 1. **Claim Salvage Outputs**

A listing of all total loss claims showing the following details:

* Claim No
* Registration No
* Insured
* Amount outstanding
* Paid
* Amount incurred
* Net - claim cost
* Salvages report

* 1. **CLAIMS RECOVERIES**

The claims recovery transaction in TurnQuest GIS caters for deductibles, excess and recoveries from the insured and third party claimants.

* + 1. **Claim Recoveries Inputs**

A claim recovery transaction can only be done in TurnQuest GIS after the recovery has been paid by the insured or claimant, and the amount has been posted in the TurnQuest FMS. Once the recovery is posted in TurnQuest FMS, the system automatically updates the claim file in TurnQuest GIS with the receipt amount upon which a recovery transaction can be done.

* + 1. **Claim Recoveries Processes**

TurnQuest will provide the functionality to:

Ability to indicate third party claims detailing the following information

* Third party insured
* Third party insurer
* Date of Loss
* Loss description
* Claimed amount
* Ability to capture recovery receipts in TurnQuest FMS and automatic updating of the claim file in TurnQuest GIS.
* Ability to generate letters to facilitate the correspondence process.
* Maintain a register of matters assigned to advocates with the following details at minimum:
  + Reference No
  + Insured
  + Date of loss
  + Date of appointment
  + Defence or Recovery
  + Reserve
* Process recoveries apportioning to treaties and facultative reinsurers
* Produce debit notes and post to reinsurers accounts upon authorization
* Ensure only user with proper authority can process and authorize a claim recovery.

* + 1. **Claim Recoveries Outputs**

The system will provide the following reports:

Recovery voucher

A report all third party claims broken down to the various third party insurance company where applicable. The report will show claim reported date can be filtered to claims reported in a specified period.

* For knock - for - knock only excess is recoverable

The system should allow capturing of the following details for both knock - to - knock and not knock - to - knock claims

A report showing fees paid in on any one third party claim file.

* 1. **CLAIM CONTRA TRANSACTIONS**

The claims contra transaction is intended to reverse the entire transaction, and post reversal figures into finance, thereby nullifying the effect of the original claims transaction. This means that:

* Only authorized claims can be reversed/contra’d.
* One cannot contra claim openings, as well as revisions. To correct an erroneous reserve transaction, the user will have to do another revision to update to required position.
* Should there be a claims payment that requires to be reversed, the user has to be aware of the status of their claim requisition as follows:
* If not approved/authorized for printing, then the requisition is still pending approval, and can thus be retrieved from the queue of claims pending approval.
* Should the requisition pass authorization in finance, the transaction can still be contra’d from GIS. For both these transactions, the ledger has not been affected as the cheque has not been printed, and hence dispatched.
* If the cheque has already been dispatched (printed) , the system will not allow for a contra unless the cheque has been cancelled from the finance system.
* All accounting entries done by the original transaction are reversed.
* The credit notes/debit notes accordingly will be generated.

Transaction is subject to the authorization limits set in the business rules

* 1. **DEFENDING A CLAIM**

TurnQuest GIS will provide the following functionality for the management of claims with a third party interest:

Ability to capture the following particulars of the summon:

Third party advocate

Company advocate

Claimants names

Third Party insurer

Case no, Court details and hearing date where applicable

Settlement amount

Award details

Remarks

Ability to track the hearing dates with reminders and also assignment of duties to designated users or group of users.

Ability to raise payment requisition for the claim and associated legal costs upon determination of the claim through court or out of court settlement.

* 1. **PA CLAIMS (CASH BASIS CLAIMS)**

On Claim opening system will allow one to open a claim if the claim date is within the policy date but the current instalment period is not paid for but will have a functionality of warning the user that the claim has not been paid for the current period.

On claim payment if the current loss period instalment has not been paid for, the system will not allow one to do a claim payment.

The system will have a way of generating and saving a snap - shot of all the statements report in the system.

* 1. **CLAIMS REPORTS**

The following are some of the reports generated from the claims module:

* Claims Salvages register (Gross to net)
* Claims Outstanding Reserve register (Gross to net)
* Stolen motor vehicles
* Written off vehicle report
* Salvage report
* outstanding claim register
* Registers;

New claim register

Revision claim register

claim payment register

Service provider register

Claim Recovery register

Discharge voucher

* Third party Discharge voucher
* Knock for knock discharge voucher
* Discharge voucher for claim which is not third party of knock for knock
* Summary of claim experience - subclass summary and class summary (Measure premium vs. claims) - This for measuring performance per class and subclass.
* Unauthorized claim transactions report
* Service provider aging analysis
* Salvage aging report

# **ACCOUNTS FUNCTIONS**

* 1. **GIS/FMS INTERFACE**

The first point of account mapping is identification of the general area to which the revenue item belongs. This groups the basic areas of policy/claims transactions. They are:

Underwriting

Facultative Inward

Mandatory

Quota Share

First Surplus

Second Surplus

Facultative Outward

The second point of account mapping is the account type, which gives a grouping of the revenue items as they are defined in the subsidiary ledgers (Transactional Accounts). They are:

Premiums

Commissions

Claim Opening

Claim Payment

Claim Fee

Claim Recovery

Claim Salvage

Claims Revisions

Retained Premium

Taxes if applicable

The third point of account mapping is whether the sub ledger accounts into which transactions are posted are class applicable or not. This means that for every account defined, the user determines if the revenue item transcends class or is pegged upon a particular class at any one transaction.

The fourth point covers two areas working at the same level. It covers:

*Revenue Items* – The breakdown for the different revenue items that could be transacted upon depends on the transaction type, and on whether it is class specific. Examples are:

Claim Fee – Claim Fee Payment Direct Business, Claim Fee payment Facultative Inwards, Claim Fee Payment Mandatory, Claim Fee Payment Quota Share, Claim Fee Payment First Surplus, Claim Fee Payment Second Surplus, Claim Fee Payment and Facultative Outwards.

Premiums- Premium Direct Business, Premium Facultative Inwards, Premium Mandatory, Premium Quota Share, Premium First Surplus, Premium Second Surplus, Premium Facultative Outwards.

*The Finance Account into which it will post* – For the Account from the sub ledger, the user must determine the effect of the transaction, as well as the Account Type i.e.,, Income as opposed to Expense. In addition, the user must determine the source system for the control and contra accounts, for double entries

* + 1. **Underwriting Accounts Interface**

During the underwriting process, various revenue items are generated that affect agents statements, R/I statements and the General Ledger. These revenue items include:

Gross Premium

Commission- A commission to the agent/broker for availing business and is calculated based on the Gross Premium.

Withholding tax on commission

Coinsurance servicing fee chargeable

Coinsurance premium

Over - ride commission

Facultative inward brokerage commission

Reinsurance premium- The premium portion ceded to reinsurer

Reinsurance commission- Commission from reinsurer due to the R/I premium ceded to them

The system should have an interface to the finance system to post the above entries. On payment of premium by the client, the client’s account in GIS should be updated online when the receipting is done by the finance system.

The finance system should be able to read GIS debit notes on receipting. It should be possible for a receipt to be allocated to a particular debit note on receipting from the finance system.

Reinsurance figures to be posted at treaty level, also the system will provide and option of separating local and international treaties when posting.

* + 1. **Claims Accounts Interface**

Every Claims transaction has an effect on the claims outstanding sub ledger account. From the time a claim is booked in the system, each transaction either increases or reduces the firms’ liability. The transactions involved all touch on normal business, facultative inward claims, facultative outward claims and treaty claims. The revenue items follow the type of transaction being done. They are:

Claims Fee payment

Claims Payment

Claims Opening

Claims Revisions

Claims Salvage

Claims Recovery

Claims TP Recovery

Claims WHTX – This is as a result of the payments to the service providers. - For Heritage withholding tax is not computed per claim fee payment. The amount is computed if the total fee payments per service provider is greater than Kes. 24, 000

Claims VAT – This is a pay item related to payments to service providers.

* 1. **SUB LEDGER ACCOUNTING**

The sub - ledger accounting module of GIS takes. care of all direct clients, intermediary, insurance company and Reinsurance Company accounting requirements. This includes the statement showing all the debit/credits notes, payments, receipts and journal vouchers posted into their accounts. Some of the reports generated from this module include:

* + 1. **Statement of accounts**

The statement of account shows the following information:

Transaction date

Transaction type

Our Debit/Credit note no

Policy/claim no

Insured

Transaction amount

Stamp duty

Training levy

Policy Holders Fund

Withholding tax

Commission

Settlements/payments done

Net amount due

Aged balances (owing amounts &unallocated receipts)

This is the aging to use 0 - 30 days, 31 - 60 days, 61 - 90 days, 91 - 120 days , 121 - 180 days, 181 - 365 days, over 365 days

All statements to use this aging (This should apply for both unallocated receipts and outstanding premiums

* The statement of account can be saved into the TurnQuest Document management system for later reference.

* + 1. **Account Aging Report**

This report shows an aged account balance for every account in the system. This includes all balances that are 0 - 30 days, 31 - 60 days, 61 - 90 days, 91 - 120 days , 121 - 180 days, 181 - 365 days, over 365 days

* 1. **ALLOCATIONS**

The system will be able to processes the following for allocations:

Ability for the users to be able to do allocations for transactions i.e., if a receipt is done on account, the amount should be allocated to the various transactions being paid for as specified by the agent/broker

Users will be able to do allocation (knock - off) of any credit to debits as the need may be. However, the system will also do automatic allocations for all contra transactions done. If the client/agent/broker has not paid up the premium the system will allow allocations of credits against debits else if payment has been received then a cheque requisition needs to be done to facilitate refund of the amount.

The system will not allow credits from one client to be allocated against debits for another client.

* 1. **PAYMENTS PROCESSING**

The system will facilitate payments processing as follows:

Ability to initiate payment transactions relating to policies i.e., in case of refunds the system will allow/facilitate in raising the cheque requisition in finance. This will be based on the clients/agent statements overall balance.

The system will raise exception if a user decides to pay over and above the client/agent/broker statement balance at any given point and this has to be authorized before the actual requisition can be posted to finance.

The system will also facilitate processing of payments to any account type e.g., payments to insurance companies, reinsurance companies and any other account types that may be defined.

All account transactions will have to be authorized before they can effect a change in the respective account/intermediary statement.

* On raising the refund cheque, the amount raised for refund will always inclusive of the commission.
* When doing refund payment, the system will pick the agent/broker/client from the policy picked. (list of value). There should be a leeway of typing. If one types a different name from the given list, then an exception should be raised.
* The system will have the provision of transferring JVs from one account type (Agent to broker or direct client) to another where this will not affect the commissions.

* 1. **COMMISSION PROCESSING**

The system will facilitate commission payment processing as follows:

The commission is computed at the point of debiting or crediting of premium.

The premium is posted to the intermediary statement of account for business that came in through intermediaries.

The system provides a commission statement showing the commission payable and the outstanding premiums. When the commissions are posted in the statement, if there is refund premium, the transaction also causes debiting of the proportion of the commissions so that the net effect is to reduce the commissions payable to the intermediary.

Ability to processes any commission payments due to the agents/brokers. This is based on payments received from the agent/broker and this must be full payment.

Ability to recognize payment received from agent/brokers which is less the commission due i.e., commission is already deducted and as such no commission is due to the agent/broker.

Ability to raise a cheque requisition in finance based on commission being paid out.

Ability to run a report showing all commission paid out and the breakdown of the same.

The system is able to drawback commission paid where a policy has subsequently been cancelled.

The system will be able to automatically calculate withholding tax on all commission payments done.

# **GENERAL FUNCTIONS**

* 1. **MULTI CURRENCY**
     1. **Underwriting**

The system is a multi currency system where policies can be underwritten in any currency. However, for a policy to be underwritten in any particular currency, that currency needs to be defined in the system.

A policy record keeps its figures in its currency throughout the system. For example, if a policy was underwritten in US DOLLARS, the policies Sum Insured, Sections, premium calculation, taxes and even commission if expressed in US DOLLARS. A statement for the client in the said currency will also be availed.

The system will provide a functionality to define an exchange rate per policy which should not be affected by the prevailing market exchange rate. This rate is negotiated annually.

* + 1. **Claims**

All claims for polices done in currencies will be done in the currency of the policy and also any payment processing done for the claims will be in the currency of the policy or the base currency i.e., is a policy was initiated and done using US DOLLARS then the claims will be processed with the same or base currency and payment cheques will be raised in those currencies.

* + 1. **Reinsurance**

All Reinsurance treaty limits will be specified in currency negotiated. When Reinsurance risk apportionment is done, the system will compute the cessions at the day’s conversion rate in both the policy currency and the setup rate for base currency. All treaties are set up using the currency negotiated in and if an exchange rate was settled on is also put up.

The system will have a field for the exchange rate for dollar treaties to be able to get the exchange rate to be used at determining of the ceding limit and also the cash call limit. When doing UW, the system shall use the CRM set rate or spot rate to compute the premium but on determining how the system should cede, the system shall use the treaty set rate to determine the amount to cede.

* 1. **LETTERS AND MEMOS**

This will be a crucial area of the system for the whole organization. Based on predefined letter/memo formats, the system will allow creation of letters and memos for all areas across the system and this will be availed to all users.

The various functionalities of this part of the system include:

Creating a new letter – The system allows for the creation of a new letter/memo, with a new file number/reference

Creating a copy from existing letters sent – The system allows for the creation of a letter/memo, based on an existing letter/memo but with a new file number/reference.

Setting a reminder – This enables the user to recreate a letter with the reminder option set as a watermark.

Editing a letter – The system allows for the user to edit a previously unauthorised letter/memo.

Cancelling an authorised letter – This allows for the letter to be picked and the user can then cancel it giving a reason for the cancellation.

Creating an internal memo – This section allows for creating a letter/memo for internal purposes only.

For all letters/memos, the system captures certain details that go toward drafting the letter. These include:

Policy No/Claim No/Quotation No

Client

Letter Type

The addressee

Date

Branch

Letter Subject

Letter subject matter/details

C. C. list

* 1. **EMAIL FUNCTIONALITY**

The TurnQuest system is integrated with the email to facilitate the following:

Ability to send Quotations via email. The system automatically picks the recipients email address if defined in setup and send the quotation document as an attachment.

Ability to send any policy documents to agents/clients and this functionality is provided at the end of the underwriting process.

Ability to send renewal documents under the renewal processing module of the system.

Ability to send any letters and memos generated in the system as an attachment to the recipients

Integration with the work manager to facilitate sending of alerts to the users when an incidence is created/assigned to them

* 1. **SMS FUNCTIONALITY**

The SMS module is tightly integrated with the TurnQuest suite of products and it will enable the following:

* Enable marketers to send quotation alerts to clients
* Policy Underwriting and Administration:
* Send Renewal notices
* Receive Renewal Confirmations from clients
* Send Lapsation and cancellation notifications
* Allow Clients to Query Account Status
* Send Payment Confirmations
* Send Credit Management and follow - up correspondence

Claims Processing:

* Send Claim notification
* Receive Claim Info Request
* Send Payment Advice Notification
* Accept SMS/Mobile Payments Authorization from Customers

* 1. **FILE TRACKING**

File tracking is a module used to track movement of files from the registry. This module will facilitate the following:

Facilitate in the management of the file movement register. The information that will be recorded includes:

* Date the file was taken from the registry
* Name of the user/office who takes. the file
* Department of the officer/user
* File details (insured/class of business/policy no)
* Date the file was returned
* Provide a search facility for all files in the registry
* Provide a reporting facility on all file movement

* 1. **BUSINESS PROCESS MANAGEMENT (BPM) MODULE**

The BPM module is used by the system to manage and execute business processes in the TurnQuest System. Primarily the BPM module is used to manage workflow in the Application.

The following is some of the functionality provided by the BPM Module:

Tracking all types of tickets/tasks. This includes:

Diary items, reminders, customer services issues etc.

SMS received through the SMS module

Incoming documents scanned into the document management system and assigned to a user of the system

Fax messages received through the fax gateway or scanned into the TurnQuest ECM

Email received at an address assigned to the TurnQuest System. TurnQuest also has the functionality to process incoming email, storing any attached documents and starting a Business process in the Application

System generated tasks e.g., the marking of a transaction ready for authorization by somebody with authority to do so. This then creates an task in the BPM module assigned to the person with authority to authorize.

The system will be able to determine the next course of action for system tasks i.e., tasks inbuilt in the system work flow. However, this functionality is not supported for user defined tasks (Ad - hoc tasks).

Keeps varied details (KPI’s) for all tasks, including date created, expected action date, origin, expected next action, assigned to, and created by,

Escalation of tasks/duties will be facilitated if defined and an action is not taken on a task for a predefined period and the person to escalate to is also defined.

The BPM module can also be enabled to send email or SMS to the person when a task is assigned to them.

Users can obtain a list of all the tasks assigned to them when they log into the system at any time.

Users can create ad hoc tasks and assign them groups or other users.

Managers and Authorized users can reassign tasks or take tasks and complete them.

BPM module provides the functionality to update the status, refer or reject a task assigned to a user.

Enable integration of business processes with other tertiary systems like document Management and payment gateways.

* 1. **REPORTS**

**Core Reports**

1. Account types
2. Agent/insurance companies
3. Binders
4. Classes
5. Clauses
6. Company details
7. Correspondent
8. Correspondent fees
9. Currency details
10. Road conditions

**UNDEWRITTING REPORTS**

1. **Setup**
2. Premium items report
3. Products
4. Clauses
5. Classes
6. **Certificates Report**
7. Certificate stock
8. Certificate usage
9. Certificate distribution
10. Signed Certificates
11. Allocated certificates
12. **Processing Reports**
13. Premium calculation normal
14. Premium calculation (coinsurance)
15. Monthly Premium production report
16. Endorsement s list report
17. Endorsement
18. Collective Endorsement
19. Endorsement draft
20. Policy draft
21. Agency debit note
22. Direct client Debit note
23. Charge note
24. Facultative replacements
25. Monthly expected renewals
26. Renewal notice
27. Renewal notice advise list
28. Schedule of insurers
29. Coinsurance apportionment
30. Service fee report
31. Claim experience (per agent)
32. Claim experience (client)
33. Claim experience (branch)
34. Reinsurance Bordeaux
35. **Reinsurance Reports**
36. Proportional treaty summary - Treaties
37. Proportional treaty summary - subclass
38. Proportional treaty accounts - from transaction
39. Proportional treaty account –from summaries
40. Risk profile (Premium /sum insured)
41. EQ control register (Premium/sum insured)
42. EQ accumulation (Prem/SI) (summary)
43. EQ Premium Accumulation control form (per arrangement)
44. EQ SI Accumulation control form (per arrangement)
45. EQ Premium Accumulation control form (Treaty)
46. EQ SI Accumulation control form (Treaty)
47. Premium loss portfolio on withdrawal
48. Heritage Traveller Cession Bordeaux
49. claim register bordereaux
50. claim payment bordereaux
51. Portfolio commission report
52. Quarterly premium tax
53. claim triangulation report
54. **Marketing Reports**
55. Agent budget vs. actual premium booked
56. Detailed Monthly production per BDM
57. Market visits report
58. Broker Performance history
59. Agency Premium by class

* Agency Premium
* Makeup by account
* Tied agents

1. Top Performers
2. Renewals;

* Expected renewal listing
* Expected renewal listing ( product)
* Expected renewal listing (agency)
* Expected renewal listing (client)
* Expected lapses listing
* Actual lapses listing

1. **Claims Reports**
2. Voucher

* New claim voucher
* Claim revision voucher
* Claim payment voucher
* Claim fee payment voucher
* Recovery/salvage voucher
* Facultative claim payment Debit/credit note
* Facultative recovery Debit/credit note

1. Setup

* Peril
* Causation
* Correspondents

1. Appointed correspondents
2. Claimant details
3. Outstanding claim register
4. Xgratia Report
5. Salvage report
6. Commissioner report (class wise)
7. **Finance Reports**
8. **Debtors**
9. Agent statements - 0 - 30 days, 31 - 60 days, 61 - 90 days, 91 - 120 days , 121 - 180 days, 181 - 365 days, over 365 days

Client and agents statements to use this aging (This should apply for both unallocated receipts and outstanding premiums.

1. Reinsurance statements
2. Direct client statement
3. Insurance Companies statement
4. Account aged analysis
5. Account aged analysis (grouped)
6. Premium debtors balances (Board format)
7. Account period audit list
8. Account audit report
9. Debtors new items - Details
10. Debtors new items - summary
11. List of GIS Receipts
12. Premium Reports
13. Upr report
14. Premium written by agency
15. Monthly premium summary
16. Period registers (Product)
17. Premium register (product)
18. Commission register (product)
19. Period registers (subclass)
20. Premium register (subclass)
21. Commission register (subclass)

* Outstanding premiums report
* **Un - allocated premium report (**Receipt allocation listing)
  + - * Add aging for total amount and aging per receipt
      * Report to run as at date
      * Allow printing the report per source (Agents, Broker, Direct , Insurance companies and all)
* Schedule of commissions’ payable
* *Name of broker /agent*
* *Amount payable*
* *Policy number*
* *Name of Insured*
* *Commission payable*
* Debtors report/Creditor report - - 0 - 30 days, 31 - 60 days, 61 - 90 days, 91 - 120 days, 121 - 180 days, 181 - 365 days, over 365 days
* Debtors and Creditors aged analysis reports
* *Name of debtor /creditor*
* *Total amount of debt /credit*
* *Total amount received (for period under review)*
* *Total amount outstanding as net of debt amount and received amounts*
* *Aged analysis of total amount outstanding- 0 - 30 days, 31 - 60 days, 61 - 90 days, 91 - 120 days , 121 - 180 days, 181 - 365 days, over 365 days*
* *Account aged analysis*
* *Performance report*

1. **Regulatory Reports for finance**

* Monthly withholding tax returns
* Annual WHT Certificates returns
* *Withholding tax certificate (W44) - format by Patrick*
* *Withholding tax schedule (W40)*
* *w43*
* *w42*
* PHCF
* TL
* Claim summary - (Annual)
* Claim summary (Monthly)
* Premium tax
* Reinsurance tax returns
* Annual Returns reports (statistics (Form 18 - 1)

1. Claim registers (Prd/Scl)
2. New claim register
   * + Add a parameter to specify the reserve amount e. g print claim whose reserve is above a certain amount.
     + Add date of reporting - claim date
     + Add Loss date
     + Ability to define maximum and minimum reserve
3. Claim revision register
4. Claim Payment register
5. Claim recovery register
6. Claim salvage register
7. Os claim register
8. Production reports
9. Production report
10. Gross to net
11. Claim reports
12. All claim register by company (current reserve)
13. All claim register by company (Total claims)
14. Incurred and outstanding claim summary
15. Outstanding claim summary (active/inactive)
16. Claims by status
17. Stolen vehicles report
18. Write - off vehicles
19. Comparative figures report
20. Adjusters register report
21. Assessment register
22. Salvage aging report
23. Recoveries from insurers register
24. In-house settlement register
25. Hearing dates register
26. Payment movement register for judgements
27. Summon register
28. Declined/ex gratia claim register
29. summary of claim experience - subclass summary and class summary (Measure premium vs. claims) - This for measuring performance per class and subclass
30. **Other registers**
31. Service fee register
32. Receipts/journals/payments
33. Withholding tax
34. Policy fee register
35. Audit
36. Exception reports
37. Users list
38. User access report
39. User authorization rights report
40. View premium transaction report
41. View unauthorized transaction report
42. View claim transaction report
43. Currency rates report

# **SYSTEM SECURITY AND AUDIT**

* 1. **SYSTEM SECURITY**

The system will provide structured security that can be easily managed by the administrator.

The security levels will be:

* Password controlled access to the system.
* Every transaction should end by authorization
* The system will allow the super user to be able to assign the various systems access i.e., a user in finance may not be allowed to access the general business system.
* The system users could be also organized in groups which will facilitate tasks allocation to a group which cannot be seen by another group of users.
* Users in one branch may be denied access to transactions for other branches i.e., limit access based on branch and region.
* Privileged access to various functions of the system according to user roles
* Ease of user to manage their passwords.
* Authorization roles to be set such that parameters like limit of role authority can be regulated by the administrator.
* The password should have a minimum of six characters and this can be broken down to numbers, uppercase characters, lowercase characters, special characters and numbers.
* The password should be able to expire after stated time.
* The system will be able to alert the user over a given period of time before the password expires.
* The administrator will be able to activate/deactivate a user from using the system.
* Since the system runs on oracle, other security levels at the database level come inbuilt with the database installed and are all managed by the database administrator.
* The system inherits weblogic security settings such as timing and terminating of user sessions and also clearing of session information from the server.

* 1. **AUDIT FUNCTION**
* The system will have audit function that facilitates:
* Ability to audit transactions initiated in the system and by which user at which branch.
* Ability to tag the user that authorizes a transaction and the date this is done.
* Ability to log any exceptions that may arise in the system that go against setups done e.g., changing of the premium or commission rate.
* Ability to tag a user that accesses a certain form and when.
* Ability to do various queries in the system regarding the various activities done by a user
* The system will be able to save a log of when a user logs in and when they logged out.
* The oracle database which the system runs on comes within built log capabilities that can be used for audit at the database level.

# **APPENDICES**

* 1. **APPENDIX 1- QUOTATIONS PROCESS FLOW CHART**



* 1. **APPENDIX 2- UNDERWRITING PROCESS FLOW CHART**
  2. **APPENDIX 3- PRODUCTS LISTING**

**Motor Class**

* Motor- Agriculture & Forestry Vehicle
* Motor- Com General Cartage
* Motor- Com Institutional
* Motor- Com Own Goods
* Motor- Driving Schools
* Motor- Psv Buses
* Motor- Psv Chauffer Driven
* Motor- Psv Matatus
* Motor- Psv Self Drive
* Motor- Psv Taxis
* Motor- Special Vehicles
* Motor- Tankers
* Motor Contingent
* Motor Cycle
* Motor Cycle Psv Boda Boda
* Motor Pool Runoff
* Motor Pool Written
* Motor Trade Internal Risks
* Motor Trade Road and Internal Risks
* Motor Trade Road Risks
* Private Car
* Pedal Cycle

**Non- Motor products**

* Agriculture Crop- Barley
* Agriculture Crop- Coffee
* Agriculture Crop- Floriculture
* Agriculture Crop- Sugar
* Agriculture Crop- Tea
* Agriculture Crop- Tobacco
* Agriculture Crop- Tree/Forestry
* Agriculture Crop- Vegetables
* Agriculture Crop- Wheat
* Agriculture L/Stock- Cattle
* Agriculture L/Stock- Dogs
* Agriculture L/Stock- Horses
* Agriculture L/Stock- Poultry
* Agriculture- Crop- Maize
* Agriculture- Crop- Potatoes
* All Risks
* Assets All Risks
* Aviation
* Bankers Blanket Bond
* Boiler And Pressure Vessels
* Bonds
* Book Debt Insurance
* Burglary/Theft
* Businessman Commercial
* Carriers’s Liability Insurance
* Cit And Liab & Terrorism
* Civil Engineering Completed Risk
* Commercial Vehicle
* CONTRACTOR'S All Risks
* Contractors' Plant And Machinery
* Customs Bonds
* Deterioration Of Stock
* Directors And Officers Liability
* Domestic Package (DP)
* Electronic Equipment
* Emigration Bonds
* Employees Benefits Package
* Employer / Principal Bonds
* Energy Exploration And Development
* Erection All Risks
* Fidelity Guarantee
* Financial Guarantee Bonds
* Fire- Material Damage
* Fire Loss Of Profits Indust. Large
* Fire Loss Of Profits Indust. Small
* Fire Loss Of Profits Merc. & Comm.
* Fire Material Damage Indust Large
* Fire Material Damage Indust Small
* Floriculture
* General Public Liability
* Glass
* Golfers Policy
* Goods In Transit
* Gpa- Accident Guard
* Gpa- Students
* Gpa - Wiba Package
* Group Medical- Agency
* Group Medical- Direct
* Group Personal Accident
* Group Personal Accident
* Heritage Blue- Medical
* Hotel Protector
* Hotel Sure
* Immigration Bonds
* Industrial All Risks Material Damage
* L & C Liab. - Courier Services
* L&C Liab- Money In Vault
* Legal & Contractual Liab. - Cash - In - Transit
* Legal & Contractual Liab. - Guard Services
* Legal And Contractual Liab - Doc Management
* Machinery Breakdown Lop
* Machinery Breakdown Material Damage
* Marine Cargo- One Off Cases
* Marine Cargo- Open Cover
* Marine Hull
* Medical Aid- Direct
* Medical Aid Agency
* Medical Blue Products
* Merger Runoff
* Money
* Office Plus
* Pa- Acc. & Dismemberment
* Pa- Acc. & Sickness
* Pa- Accident Guard
* Pa- Accident Health
* Pa- Accident Medical
* Pa- Annuity
* Pa- Family Protector
* Pa- Flexi Pack
* Pa- Ipa Critical Illness Protection Plan
* Pa- Kenya Cash Protector
* Pa- Lawyers Package
* Pa- Pa Total Protector
* Pa- Student Acc. Guard
* Pa - Hc Bank Assurance
* Performance / Contractors Bonds
* Personal Accident
* Personal Liability
* Personal Lines Combined
* Pi Medical Malpractice
* Plant All Risks
* Plant And Machinery
* Professional Indemnity- (Medical Prac)
* Professional Indemnity- Accountants
* Professional Indemnity- Lawyers
* Professional Indemnity- Med Institutes
* Professional Indemnity- Trust Fund Ac
* Professional Indemnity- Trust Fund Att
* Professional Indemnity General
* Professional Indemnity - Trustees
* Red Carpet
* Special Field Trip Policy
* Sports Policy
* Stock Floater
* Tender / Bid Bonds
* Terrorism
* Terrorism- Motor
* Terrorism And Sabotage - Wiba & Gpa
* The Heritage Traveller
* The Heritage Traveller- Gsafari
* The Heritage Traveller- Gsafari Ag - Br
* Travellers Policy
* Trendsetter
* Work Injury Benefits
* Workmen’s Compensation Act Limit
* Workmen’s Compensation Common Law

* 1. **APPENDIX 4- CLAIMS PROCESS FLOW CHART**



* 1. **APPENDIX 5- FUNCTIONAL DECOMPOSITION DIAGRAM (FDD)**
  2. **APPENDIX 6- MANAGEMENT OVERVIEW DIAGRAM**
  3. **APPENDIX 7 – GL MAPPING**

**Underwriting (Including Coinsurance & Reinsurance)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | Transaction Component |  | **Comments** |
| **Underwriting Transactions (Direct, Agents, Brokers)**  (Debiting and Crediting shown applies to Underwriting Debit Notes i.e., New Business, Renewal, Extension, Short Period, Additional Premium)  For Underwriting Credit Notes (Refunds) including contras, Cancellations etc, the Debiting/Crediting is reversed. | Premium (Direct, Agents, Brokers) | DR: Source control Account (Asset)  CR: Premium Account. (Income) | * Source Control accounts are setup in FMS System>>External Interfaces. These control accounts depend on the source of business i.e., Agents, Brokers and Direct Accounts. * Premium Account is mapped as GL Code (or GL Account No if at sub class level) |
|  | Premium (Facultative Inward) | DR: Facre in control account (Asset)  CR: Facre in Premium Account (Income) | * A control account in FMS system from the External interfaces under Facre in account type. * Facre in Premium Account mapped as GL Code (or GL Account No if at sub class level) |
|  | Policy Holders Fund (Tax. Where applicable) | DR: Source control Account. (Asset)  CR: Policy Holders Account (Liability) | * A Source control account in FMS system from the External interfaces under agents , broker and direct account types * Policy Holders Account is mapped as GL Code (or GL Account No if at sub class level) |
|  | Stamp Duty (Tax. Where applicable) | DR: Source control Account. (Asset)  CR: Stamp Duty Account (Liability) | * A control account in FMS system from the External interfaces under agents, broker and direct account types. * Stamp Duty Account is mapped as GL Code (or GL Account No if at sub class level) |
|  | Training Levy (Tax. Where applicable) | DR: Source control Account. (Asset)  CR: Training Levy Account (Liability) | * A control account in FMS system from the External interfaces under agents, broker and direct account types * Training Levy Account is mapped as GL Code (or GL Account No if at sub class level) |
|  | Commission (Direct, Agents, Brokers) | DR: Commission Account (Expense)  CR: Source Control Account. (Asset)  {Parameterised:  CR: Commission Payable Accounts (Liability) } | * Commission Account is mapped as GL Code (or GL Account No if at sub class level) * A control account in FMS system from the External interfaces under agents, broker and direct account types * {Commission Payable account is mapped on the contra GL account on the mapping screen in GIS} |
|  | Commission (Facultative Inward) | DR: Facre in Commission Account (expense)  CR: Facre in Control Account (Asset) | * Commission Accountmapped as GL Code (or GL Account No if at sub class level) * A control account in FMS system from the External interfaces under Facre in account type. |
|  | Withholding Tax (for intermediaries) | DR: Source Control Account. (Asset)  CR: Withholding Tax Payable (liability) | * A control account in FMS system from the External interfaces under agents, broker and direct account types * Withholding Tax Payable is mapped as GL Code (or GL Account No if at sub class level) |
| **Underwriting Reinsurance**  (Debiting and Crediting shown applies to Underwriting Debit Notes i.e., New Business, Renewal, Extension, Short Period, Additional Premium)  For Underwriting Credit Notes (Refunds) including contra’s, Cancellations etc, the Debiting/Crediting is reversed. | Treaty Reinsurance Premium | CR: Reinsurance Control Account ( Liability)  DR: Treaty Premium Account (Expense ) | * A control account in FMS system from the External interfaces under reinsurance account type. * Treaty Premium Account is mapped as GL Code (or GL Account No if at sub class level) * FSTPREM (First Surplus) , SECPREM (Second Surplus) , QSTPREM (Quota share) , FACPREOU (Facre out) |
|  | Treaty Reinsurance Commission | DR: Treaty Commission Account (Income)  CR: Reinsurance Control Account (Liability) | * Treaty Commission Account is a mapped as GL Code (or GL Account No if at sub class level) * FSTCOM (First surplus) , SECCOM (Second surplus) , QSTCOM (Quota share) , FACCOMOU (Facre out) * A control account in FMS system from the External interfaces under Reinsurance account type. |
|  | Facultative Premium | DR: Facre out Premium (Expense)  CR: Facre out Control Account (Liability) | * Facre out Premium **Account** is mapped GL Code (or GL Account No if at sub class level) **FACPREOU** * A control account in FMS system from the External interfaces under Facre out account type. |
|  | Facultative Commission | DR: Facre out Commission Account (Asset)  CR: Facre out control Account (Liability) | * Facre out Commission Account is mapped as GL Code (or GL Account No if at sub class level) FACCOMOU * A control account in FMS system from the External interfaces under Facre out account type. |
|  | Pool Premium | DR: Pool Premium (Asset)  CR: Pool Control Account (Liability) | * Pool Premium **Account** is mapped as GL Code (or GL Account No if at sub class level) * A control account in FMS system from the External interfaces under Pool account type. |
|  | Pool Commission | DR: Pool Commission Account (Income)  CR: Pool control Account (Liability) | * Pool Commission Account is mapped as GL Code (or GL Account No if at sub class level) * A control account in FMS system from the External interfaces under Pool out account type. |
| **Coinsurance**  Where the company only debits/credit for its coinsurance portion of the premium  (Debiting and Crediting shown applies to Underwriting Debit Notes i.e., New Business, Renewal, Extension, Short Period, Additional Premium)  For Underwriting Credit Notes (Refunds) including contra’s, Cancellations etc, the Debiting/Crediting is reversed. | Premium, Taxes, Commission, Withholding Tax | Same as Underwriting transactions above | Same as Underwriting transactions above |
|  | Coinsurance Servicing Fee  (ORC) where a leader | DR: Insurance Control (Asset)  CR: Service Fee Account (Income) | * A control account in FMS system from the External interfaces under Insurance account type. * Service fee account is mapped as GL Code (or GL Account No if at sub class level) |
|  | Coinsurance Servicing Fee  (ORC) where a follower | CR: Insurance Control (Asset)  DR: Service Fee Account (Expense) | * A control account in FMS system from the External interfaces under Insurance account type. * Service fee account is mapped as GL Code (or GL Account No if at sub class level) |
| **Coinsurance Combined**  This is where the company debits/credit for the 100% coinsurance portion of the premium  (Debiting and Crediting shown applies to Underwriting Debit Notes i.e., New Business, Renewal, Extension, Short Period, Additional Premium)  For Underwriting Credit Notes (Refunds) including contra’s, Cancellations etc, the Debiting/Crediting is reversed. | Own portion of Premium, Taxes, Commission, Withholding Tax | Same as Underwriting transactions above | * Same as Underwriting transactions above |
|  | Coinsurance Servicing Fee  (ORC) where a leader | DR: Insurance Control (Asset)  CR: Service Fee Account (Income) | * A control account in FMS system from the External interfaces under Insurance account type. * Service fee account is mapped as gl - code |
|  | Co-insurers Portion Premium (Per co-insurer) | DR: Source Control Account (Asset)  CR: Co-insurer account (Liability) | * A Source control account in FMS system from the External interfaces under agents, broker and direct account types * Co-insurers Accounts is specified in accounts setups in CRM for Insurance companies under the insurance Account type |
|  | Co-insurers Portion Commission (Per co-insurer) | CR: Source Control Account (Asset)  DR: Co-insurer account (Liability) |  |
|  | Co-insurers Portion Withholding Tax (Per co-insurer) | DR: Source Control Account (Asset)  CR: Co-insurer account (Liability) |  |
|  | Co-insurers Portion Coinsurance VAT (Per co-insurer) | DR: Source Control Account (Asset)  CR: Co-insurer account (Liability) |  |
|  | Co-insurers Portion Training Levy (Per co-insurer) | DR: Source Control Account (Asset)  CR Co-insurer account (Liability) |  |
|  | Co-insurers Portion Policy Holders Fund (Per co-insurer) | DR: Source Control Account (Asset)  CR: Co-insurer account (Liability) |  |
|  | Co-insurers Portion Extra Charges (Per co-insurer) | DR: Source Control Account (Asset)  CR: Co-insurer account (Liability) |  |
| **Premium Receipting** |  | CR: Account Type control Account (Asset)  DR: Bank (Asset ) | * A control account in FMS system from the External interfaces under agents, broker, Facultative In and direct account types * Bank account selected at point of receipting |

**Claims (Including Coinsurance & Reinsurance)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | Transaction Component |  | **Comments** |
| Claim Loss Opening Reserve (LOP) | Gross Reserve (Direct Business) | DR: Claims Incurred A/c (Expense)  CR: Claim outstanding A/c (Liability) | * Incurred claim Account is mapped as gl - code - (**GL Account)** * Outstanding Claim Account is mapped - (**Contra Account**) |
|  | Gross Reserve (Facultative Inward | DR: Claims Incurred A/c (Expense)  CR: Claim outstanding A/c New (Liability) | * Claim Incurred Account is mapped as gl - code - (**GL Account)** * Outstanding Claim Account is mapped - (**Contra Account**) |
|  | Treaty Reserve | DR: Claim outstanding Treaty (Liability)  CR: Claim Incurred treaty (Expense) | * **Claim treaty claim** Account is mapped as gl - code * Incurred Claims Treaty Account is mapped as gl - code |
|  | Facultative Reserve | DR: Claim outstanding Facultative (Liability)  CR: Claim Incurred Facultative (Expense) | * **Claim Facultative** Account is mapped as gl - code (**GL Account**) * Incurred Claims Treaty Account is mapped Contra Account |
|  | Pool Reserve | DR: Claim outstanding Pool (Liability)  CR: Claim Incurred Facultative New (Expense) | * **Claim Pool** Account is mapped as gl - code (**GL Account**) * Incurred Claims Pool Account is mapped Contra Account |
|  | Co-insurers Reserve | Not posted to GL | * **Not posted to GL** |
|  | XOL Opening reserve | DR: Claim outstanding XOL (Liability)  CR: Claim Incurred XOL New (Expense) | * **Claim XOL** Account is mapped as gl - code (**GL Account**) * Incurred Claims XOL Account is mapped Contra Account |
| Claim Loss Reserve Revision (LRV)  (Debiting and Crediting shown applies to Upward revision  For downward revision including contra’s the Debiting/Crediting is reversed. | Gross Reserve Revision (Direct Business) | DR: : Claims Incurred A/c (Expense)  CR: Claim outstanding A/c New (Liability) | * Incurred claim Loss Account is mapped as gl - code - (**GL Account)** * Outstanding Claim Account is mapped - (**Contra Account**) |
|  | Gross Reserve Revision (Facultative Inward | DR: Claims Incurred A/c (Expense)  CR: Claim outstanding A/c New (Liability) | * Incurred claim Account is mapped as gl - code - (**GL Account)** * Outstanding Claim Account is mapped - (**Contra Account**) |
|  | Treaty Reserve Revision | DR: Claim outstanding Treaty (Liability)  CR: Claim Incurred treaty (Expense) | * **Claim treaty** Account is mapped as gl - code Incurred Claims Treaty Account is mapped as gl - code |
|  | Facultative Reserve Revision | DR: Claim outstanding Facultative (Liability)  CR: Claim Incurred Facultative (Expense) | * **Claim treaty** Account is mapped as gl - code (**GL Account**) * Incurred Claims Treaty Account is mapped Contra Account |
|  | Pool Reserve Revision | DR: Claim outstanding Pool (Liability)  CR: Claim Incurred Facultative New (Expense) | * **Claim treaty** Account is mapped as gl - code (**GL Account**) * Incurred Claims Treaty Account is mapped Contra Account |
|  | Coinsurance Reserve Revision | Not Posted to GL | * **Not posted to GL** |
|  | XOL Reserve Revision | DR: Claim outstanding XOL (Liability)  CR: Claim Incurred XOL New (Expense) | * **Claim XOL** Account is mapped as gl - code (**GL Account**) * Incurred Claims XOL Account is mapped Contra Account |
| Claim Payment (Payments to claimants) | Gross Payment (Direct Business) | DR: Claims Paid Gross (Liability)  CR: Bank (Assets) if Paid by Cash/Cheque  CR: Account Type Control Account where paid by Credit Note. | * Claim Paid Gross Account is mapped as gl - code (GL Account) * Bank account is mapped in FMS system from the External interfaces screen as trans type CLM under the GIS system. * Where the payment is by cheque, the system posts to the bank account specified. Where the payment is by credit note, The amount is posted to the respective control account for the payee's account type. |
|  | Gross Payment (Facultative Inward | DR: Claims Paid Gross (Liability)  CR: Bank (Assets) if Paid by Cash/Cheque  CR: Account Type Control Account where paid by Credit Note. | * Claim payment Account is mapped as gl - code (GL Account) * Bank account is mapped in FMS system from the External interfaces screen as trans type CLM under the GIS system. |
|  | Treaty Portion of claim payment | DR: Treaty Control A/C (Liability)  CR: Claim Paid treaty | * Claim Paid treaty (Outstanding Claim Treaty Paid) is mapped as gl - code- (GL Account) * Treaty Control A/C defined in FMS system from the External interfaces under Reinsurance account type. |
|  | Facultative Portion of claim payment | DR: Facultative Control A/C (Liability)  CR: Claim Paid Facultative | * Claim Paid facultative (Outstanding Claim facultative) Paid is mapped as gl - code (GL Account) * Facultative Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Pool Portion of claim payment | DR: Pool Control A/C (Liability)  CR: Claim Paid Pool | * Claim Paid Pool (Outstanding Claim Pool) Paid is mapped as gl - code (GL Account) * Pool Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | XOL Portion of claim Payment | DR: XOL Control A/C (Liability)  CR: Claim Paid XOL | * Claim Paid XOL (Outstanding Claim XOL) Paid is mapped as gl - code (GL Account) * XOL Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Withholding Tax | DR: Withholding Tax Control (Liability)  CR: Withholding Tax Account | * Withholding Tax Controlis mapped as gl - code **WTHTPY (**GL Account) * Withholding Tax Account is mapped as gl - code **WTHTPY (**Contra Account) |
|  | VAT | DR: VAT Control  CR:VAT Account | * VAT Control is mapped as gl - code WTHVAT (GL Account) * VAT Account is mapped as gl - code WTHVAT| (contra account) |
| Claim Payment- 100% Coinsurance Payment | Payment (Coinsurance 100%) | DR: Claims Paid Gross with own share (Liability)  DR: Co-insurers Control A/C with co-insurers share of payment  CR: Co-insurers Control A/C with co-insurers of VAT and With - holding tax  DR: VAT and With - holding Tax Control A/C with VAT and With - holding tax  CR: Bank (Assets) if Paid by Cash/Cheque  CR: Account Type Control Account where paid by Credit Note. | * Claim Paid Gross Account is mapped as gl - code (GL Account) * Co-insurers A/C defined in FMS system from the External interfaces under Reinsurance account type * Bank account is mapped in FMS system from the External interfaces screen as trans type CLM under the GIS system. * Where the payment is by cheque, the system posts to the bank account specified. Where the payment is by credit note, The amount is posted to the respective control account for the payee's account type. |
|  | Treaties, Facultative, pool, XOL, own share Withholding Tax and own Share VAT | Same as Non coinsurance payment above | * Same as non coinsurance payment above |
| Claim Salvage | Receipts | CR: Claim Salvage Control A/c  DR: Bank/Cash A/c (Asset) | * A control account in FMS system from the External interfaces under Salvage account type. * Bank account is mapped in FMS system from the External interfaces screen as trans type CLM under the GIS system. |
|  | Gross Salvage | DR: Claim Salvage Control A/c  CR: Salvage Income A/c (Income) | * OS claim Account is mapped as gl - codeCLMSALVG (GL account) * Salvage Income A/c is mapped as gl - codeCLMSALVG (contra Account) |
|  | Salvage Treaty Portion | CR: Treaty Control A/C  DR: Claim Salvage treaty | * Claim Salvage treaty (Outstanding Claim Treaty Salvage) is mapped as gl - code- (GL Account) * Treaty Control A/C defined in FMS system from the External interfaces under Reinsurance account type. |
|  | Salvage Facultative Portion | CR: Facultative Control A/C  DR: Claim Salvage Facultative | * Claim Salvage facultative (Outstanding Claim facultative) Salvage is mapped as gl - code (GL Account) * Facultative Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage Pool Portion | CR: Pool Control A/C  DR: Claim Salvage Pool | * Claim Salvage Pool (Outstanding Claim Pool) Paid is mapped as gl - code (GL Account) * Pool Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage XOL Portion | DR: XOL Control A/C  CR: Claim Salvage XOL | * Claim Salvage XOL (Outstanding Claim XOL) Salvage is mapped as gl - code (GL Account) * XOL Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage Co-insurers Portion | CR: Co-insurers A/C  DR: Salvage Control A/C | * Coinsurance Recovery A/C is mapped as gl - code (GL Account) * Salvage control account defined in FMS system from the External interfaces under Salvage account type. |
| Claim Third Party Recovery | Receipts | CR: Claim Recovery Control A/c  DR: Bank/Cash A/c (Asset) | * A control account in FMS system from the External interfaces under Recovery account type. * Bank account is mapped in FMS system from the External interfaces screen as trans type CLM under the GIS system. |
|  | Gross Salvage | DR: Claim Recovery Control A/c  CR: Recovery Income A/c (Income) | * OS claim Account is mapped as gl - codeCLMSALVG (GL account) * Salvage Income A/c is mapped as gl - codeCLMSALVG (contra Account) |
|  | Salvage Treaty Portion | CR: Treaty Control A/C  DR: Claim Recovery treaty | * Claim Recovery treaty (Outstanding Claim Treaty Recovery) is mapped as gl - code- (GL Account) * Treaty Control A/C defined in FMS system from the External interfaces under Reinsurance account type. |
|  | Salvage Facultative Portion | CR: Facultative Control A/C  DR: Claim Recovery Facultative | * Claim Recovery facultative (Outstanding Claim facultative) Recovery is mapped as gl - code (GL Account) * Facultative Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage Pool Portion | CR: Pool Control A/C  DR: Claim Recovery Pool | * Claim Recovery Pool (Outstanding Claim Pool) Paid is mapped as gl - code (GL Account) * Pool Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage XOL Portion | DR: XOL Control A/C  CR: Claim Recovery XOL | * Claim Recovery XOL (Outstanding Claim XOL) Recovery is mapped as gl - code (GL Account) * XOL Control A/C defined in FMS system from the External interfaces under Reinsurance account type |
|  | Salvage Co-insurers Portion | CR: Co-insurers A/C  DR: Recovery Control A/C | * Coinsurance Recovery A/C is mapped as gl - code (GL Account) * Salvage control account defined in FMS system from the External interfaces under Recovery account type. |

**Accounts Module & Others**

|  |  |  |  |
| --- | --- | --- | --- |
| **Transaction** | Transaction Component |  | **Comments** |
| Premium Receipts (Direct, Agents, Brokers, Facultative In) | Premium receipts | CR: Account Type control Account (Asset)  DR: Bank (Asset) | * A control account in FMS system from the External interfaces under agents, broker, Facultative In and direct account types * Bank account selected at point of receipting |
| Facultative Out Receipts |  | CR: Facultative control Account (Asset)  DR: Bank (Asset) | * A Facultative Control account in FMS system from the External interfaces under Facultative out account type * Bank account selected at point of receipting |
| Facultative Out Payments |  | Reversal of receipt above |  |
| Treaty Receipts |  | CR: Treaty control Account (Expense) DR: Bank (Asset) | * A Treaty Control account in FMS system from the External interfaces under Treaty type * Bank account selected at point of receipting |
| Treaty Payments |  | Reversal of receipt above |  |
| Pool Receipts |  | CR: Pool control Account (ExpenseDR: Bank (Asset) | * A Pool Control account in FMS system from the External interfaces under Pool type * Bank account selected at point of receipting |
| Pool Payments |  | Reversal of receipt above |  |
| Coinsurance Receipts |  | CR: Co-insurers control Account (Expense  DR: Bank (Asset) | * A Co-insurers Control account in FMS system from the External interfaces under Co-insurers account type * Bank account selected at point of receipting |
| Coinsurance Payments |  | Reversal of receipt above |  |
| Commission Payment |  | DR: Account Type control Account  {Parameterised:  DR: Commission Payable Accounts (Liability) }  CR: Bank | * A control account in FMS system from the External interfaces under agents, broker, Facultative In and direct account types * Bank account selected at point of receipting |
| Write – In |  | DR: Account Type control Account (Asset)  CR: Write - off Accounts in GL (Income) | * A control account in FMS system from the External interfaces under agents, broker, Facultative In and direct account types * Write - off Accounts is specified is mapped as gl - code (GL Account) |
| Write Offs |  | CR: Account Type control Account (Asset)  DR: Write - off Accounts in GL (Expense) | * A control account in FMS system from the External interfaces under agents, broker, Facultative In and direct account types * Write - off Accounts is specified is mapped as gl - code (GL Account) |
| Survey & Valuation Fees |  | CR: Bank  DR: Valuation Expense (Expense) | * Valuation account is mapped as gl - code (GL Account) * Bank account is mapped in FMS system from the External interfaces screen as trans type SUR under the GIS system. |
| Un - Earned Premium Reserves (UPR) | Gross UPR | DR: UPR expense account (Expense)  CR: UPR liability account (Liability) | * UPR expense account is mapped as gl - code * UPR liability Account is mapped as a contra account |
|  | Facultative in UPR | DR:UPR Facre in expense account (Expense)  CR: UPR Facre in liability account (Liability) | * UPR Facre in expense account is mapped as gl - code * UPR Facre in liability account is mapped as a contra account |
|  | Treaty UPR | DR: UPR treaty liability account (Liability)  CR: UPR treaty expense account (Expense) | * UPR treaty liability account * Account is mapped as a gl account * UPR treaty expense Account is mapped as a contra account |
|  | Facultative out UPR | DR: UPR facre out liability (Liability)  CR :UPR Facre out expense account (Expense) | * UPR facre out liability is mapped as gl code * Facre out expense account is mapped as a contra account |
|  | Pool UPR | DR:UPR pool liability account (Liability)  CR:UPR Pool expense account (Expense) | * UPR pool liability account is mapped as gl code * UPR Pool expense account is mapped as contra account |
| Un - Earned Commission (UCR) | Gross UCR | DR: UCR liability account (Liability)  CR: UCR expense account (Liability) | * UCR liability account is mapped as gl code * UCR expense account is mapped as the contra account |
|  | Facultative in UCR | DR: UCR Facre in liability account (Liability)  CR: UCR facre in expense account (Expense) | * UCR Facre in liability account is mapped as gl code * UCR Facre in expense account is mapped as a contra account |
|  | Facre out UCR | DR:UCR Facre out expense account (Expense)  CR:UCR Facre out liability account (Liability) | * UCR Facre in expense account is mapped as gl code * UCR Facre in liability account is mapped as a contra account |
|  | Treaty UCR | DR:UCR treaty expense account (Expense)  CR:UCR treaty liability account (Liability) | * UCR treaty expense account is mapped as gl code * UCR treaty in liability account is mapped as a contra account |
|  | Pool UCR | DR:UCR Pool expense account (expense)  CR:UCR Pool liability account (Liability) | * UCR Pool expense account is mapped as gl code * UCR Pool in liability account is mapped as a contra account |

* 1. **APPENDIX 8– GAP ISSUES**

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| Ability to select additional products that the client can take up under cross selling. | Page 50 (Reference 6. 1. 3) |
| Ability to Auto - generate quotations from existing policy information. (This is in cases where previously quotes had not been generated, e.g., transferred business, single sourced businesses etc) | Page 51 (Reference 6. 1. 5) |
| Ability to select campaign as a source of quotation and if one selects the campaign as the source, then the system should display an LOV for campaigns in the system which should be attached to the quotation. | Page 50 (Reference 6. 1. 2) |
| Ability to define joint clients | Page 18 |
| Ability to define trading names | Page 18 |
| Ability to tie clients to a policy as opposed to tying client to an agent. | Page 18 |
| Ability to search a client using PIN Number on the client screen | Page 18 |
| Ability to capture the Client ID as internal ID as opposed to ID. | Page 18 |
| Ability to auto authorize clients created. | Page 18 |
| Ability to mark clients and agents as black listed. | Page 18 |
| Ability to store holding companies in different tables and be able to tag the clients associated with the holding company. | Page 18 |
| Ability to Upload and link quote request to the actual quote once done | Page 19 |
| Ability to capture Parent company name, Group company name, Subsidiary company names, Physical address (head office and provision for subsidiary companies) | Page 19 |
| Ability to Record Not Taken Up (NTU) quotations and the reasons for decline | Page 19 |
| Ability to Escalation of unattended - to quotes to immediate supervisor within ‘X’ days. | Page 19 |
| Ability to record visit details by the marketing department. I.e., nature of visit, clients visited, client feedback, date of next visit action after visit, prospects for organic growth. | Page 52 (Reference 6. 1. 7) |
| Ability to capture promotion, publicity and advertising details. | Page 53 (Reference 6. 1. 8) |
| Ability to perform quick searches of client database to be able to display the worth of clients (portfolio value). | Page 19 |
| Ability to publish Head office to other branches instead of using the branch addresses details. | Page 19 |
| Ability to update specific fields for agents. These fields will be specified by Heritage. | Page 37 (Reference 4. 5) |
| Ability to validate PIN number on all screens which have PIN number field to ensure that the number keyed in by a user conforms to Kenyan format. | Page 20 |
| Ability to specify organization which rated an agency and the rating and an audit of the same in case of a change. | Page 20 |
| Ability to attach a principal officer when creating an account if the principal exists, the system should counter check if the principal exists give an alert. The Principal should not belong to more than one agent. | Page 37 (Reference 4. 5) |
| Ability to mask the agency registration number to a specific format. | Page 37 (Reference 4. 5) |
| Ability to define fixed exchange rate per policy which should not be changed during endorsement until renewal of policy when the exchange rate is agreed between the client and Heritage Insurance Company. | Page 24 |
| Ability to define staff accounts and be able to produce a statement per staff. | Page 25 |
| Ability for run - off and active accounts to allow endorsements and receipts only. Renewals and new business should not be posted to a run off account. | Page 25 |
| Ability to capture client PIN number when doing an underwriting transaction, if PIN number not captured system should create an exception. | Page 25 |
| Ability to auto graduate NCD level and the level to go down if a claim/claims occurs as per set parameters. | Page 25 |
| Ability to underwrite transactions in accrual or cash basis as defined in the product setup. - Cash basis per policy | Page 77 |
| Ability to issue one invoice for more than one policy which belongs to the same client. | Page 25 |
| Ability to cancel valuation request. A user should only be able to do a valuation on a risk if the previous request has been cancelled. | Page 93 |
| Ability to tie down all valuations done on a risk to the payments so as to ensure that one cannot double pay on a valuation/survey. The expenses should be tied to the policy. | Page 93 |
| Ability to setup valuation fee per risk per given period. The rates should be at service provider level. | Page 93 |
| Ability to scan the valuation documents and attaching them to the risk that has been valued. (DMS) | Page 93 |
| Ability to prevent renewal of a risk in a policy if there is a total loss claim on it. | Page 25 |
| Ability to compare the premium charged for excess and the excess waived due to excess protector. | Page 25 |
| Ability to cap the number of reinstatements that can be done on an excess protector section. | Page 25 |
| Ability to generate claim experience per insured in a binder.  C | Page 25 |
| Ability to set reorder level for certificate | Page 90 |
| Ability to send an alert to the admin whenever the registered certificates go below reorder level. | Page 90 |
| Ability to send out alerts email/SMS to clients to remind them of IPF payments. | Page 22 |
| Ability to blacklist a car registration number, building or make of a car and for the blacklisted items the system should not allow a transaction to be done on it. | Page 18 |
| Ability to print policy documents, policy schedules, clause wording based on the product name, user who prepared and for a given period. | Page 26 |
| Ability to amend schedule details (With the exception of the risk ID & limits of liabilities) , clauses without raising an endorsement and an audit kept to show the change and who changed when a policy is authorized. | Page 26 |
| Ability to link one security document (A security can be a log book) to several bonds. | Page 99 |
| Ability for the system not to allow Heritage to return the security document until all the bonds linked to it have been cancelled. | Page 99 |
| Ability to restrict cancellation/revision of cover where a risk is being used as security. | Page 99 |
| Ability to manage policy stamps in the system | Page 93 - 95 |
| Ability to manage NCD certificate in the system | Page 95 - 98 |
| Ability to manage yellow cards in the system | Page 98 - 100 |
| Ability to separate local and foreign treaty posting. | Page 126 |

* 1. **APPENDIX 9 – REVISED BUSINESS REQUIREMENTS**

# **DOCUMENT SIGNATURES**

**Signed for and on behalf of HERITAGE INSURANCE COMPANY**

As duly authorized representative

**HOD Underwriting**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOD Claims**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOD Marketing**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HOD Finance**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Heritage Project Manager**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed for and on behalf of **TURNKEY AFRICA LIMITED**

As duly authorized representative

**Turnkey GIS Lead**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Turnkey Project Manager**

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_