KSHEMA GENERAL INSURANCE LIMITED

UNDERWRITING POLICY

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1.0	Underwriting	Legal & Compliance	Board of Directors	22-04-2023
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1. INTRODUCTION

The Underwriting Department is at the heart of the company's critical activities. It is a knowledge center with functions responsible for revenue generation. Its primary function is to underwrite business generated by clients and intermediaries.

- Receiving proposal forms or quotation requests
- Assessing risk to determine acceptance.
- Issuing policies, endorsements, and cover notes to clients
- Attending to queries from clients or intermediaries

The main purpose of the Underwriting Procedure Manual is to provide guidelines and adopt a systematic approach in the delivery of the various services provided by the underwriting Department. It is also intended to facilitate provision of quality services to customers and to the Company in general.

This document may be cited as the Kshema General Insurance Underwriting Department procedure manual which can be shortened to "Underwriting Manual".

2. SCOPE OF APPLICATION OF THE MANUAL

The Underwriting Department provides underwriting services to the company and its various customers countrywide. The manual is intended to cover the whole spectrum of activities and services provided by the Underwriting Department to the Company and its customers throughout the country.

3. QUALITY OBJECTIVES FOR UNDERWRITING DEPARTMENT

- The quality objectives for the Underwriting Department are as follows.
- To grow the business as per the business plan.
- To achieve at least 90% retention of existing business
- To achieve at least 50% market share
- To achieve growth in underwriting profit

4. PRODUCT MANAGEMENT COMMITTEE

Pursuant to the guidelines on Product Filing Procedures for General Insurance Products issued by the IRDAI vide reference no. IRDAI/NL/GDL/F&U/030/02/2016 dated 18.02.2016 ("Guidelines"), a committee on the product management, referred to as Product Management Committee or PMC, is constituted and formed hereinunder.

In compliance thereof, the Company proposes to constitute the Product Management Committee comprising the below mentioned Key Management Persons (KMPs) –

1) Chief Underwriting Officer
2) Appointed Actuary
3) Chief Finance Officer
4) Chief Marketing Officer
5) Chief Risk Officer
6) Chief Compliance Officer

The roles and responsibilities of the designates of PMC shall be as listed in Schedule II of the Guidelines or as may be prescribed by IRDAI from time to time.

Chief Underwriting Officer shall be the Chairman of PMC. PMC shall meet once in every quarter and at any interval as may be required for the purpose of approval/modification/review of the products.

Quorum of the PMC shall be two-thirds, which shall at least include Chief Underwriting Officer, Chief Finance Officer, and the Appointed Actuary

PMC shall be responsible for:

- Review and recommend the new products that can be offered and existing products that can be withdrawn / modified.
- Reports independently to the Board and assist in effective control over the risks posed in connection with the products sold by the Company.
- Carry out a due diligence process and record its concurrence on the various risks related to products.
- Ensure that the product design, rating, terms and conditions of cover and underwriting activity shall at all times be consistent with this Underwriting Policy.
- Ensure that the product specify the Grievance Management Procedures of the Company along with the address and details of the Ombudsman and IRDAI.
- Ensure quality product design, filing with complete compliance of regulatory requirements and performance review.
- The PMC shall report to the Board on monthly and quarterly basis, or as determined by the Board from time to time, in the formats prescribed by the Authority.

The CEO shall have an overall responsibility in ensuring that a robust due diligence process is in place to mitigate the risks of new and existing products.

5. UNDERWRITING APPROACH AND SELECTION OF RISK

Selection of risk is done by considering various parameters as listed in the table.

Crop Insurance	Livestock	Poultry	Aquaculture
Crop type	Animal type	Purpose	Fish /Prawn
Seed	Breed	Breed	Breed
Soil	Age	Experience	Experience
Location	Location	Location	Location
Farm practices	Management Practices	Management Practices	Management Practices
Acreage	Quantity	Quantity	Number
Water / Irrigation	Vaccination	Vaccination	Water treatment
Risk score	Feed availability	Feed availability	Acreage
Season	Resource availability	Resource availability	Feed availability
Past loss experience	Past loss experience	Past loss experience	Pisciculture specialist
Market availability	Veterinarian facility	Veterinarian facility	Past loss experience

Apart from the above parameters, the risk would be appropriately rated as decided by the PMC after looking into various adverse and favourable features in the risk.

A. Motor Insurance

The nature of risk in case of Motor insurance will be ascertained using the information contained in proposal form which includes: Vehicle particulars – Age, Cubic Capacity, Zone where vehicle ply, carrying capacity (tonnage in case of goods carrying vehicles and passenger carrying capacity in case of passenger carrying vehicles), past claim experience and no-claim bonus status, etc. In addition to the above, the profile of the proposer will also be scrutinized in relation to his/her profession and possible usage of the vehicle proposed for Insurance along with the checking up of moral hazard aspect. Vehicle pre-inspection will be done in case of break in insurance.

Risk will be underwritten as per guidelines of the Underwriting Manual and rates will be applied according to the category of risk, allowing for discounts as filed with IRDAI depending on the favorable features.

B. Fire Insurance

Insurable perils under Fire Insurance will be analyzed in conjunction with nature of property being proposed for insurance. Nature of risk will be ascertained by asking for information in proposal form which includes terms of cover, type of construction, age of construction, occupancy location of the risk, activities carried out at the location, exclusions along with checking up of moral hazard aspect. Risk will be underwritten as per guidelines of the Underwriting Manual and rates applied according to the category of risk, allowing for discounts as filed with IRDAI depending on the favorable features.

C. Personal Accident Insurance

Insurable perils under Personal Accident insurance will be analyzed in conjunction with the risk profile of the person/s to be insured and the sum to be insured. The risk profile of the proposer will be ascertained on the basis of information about his/her occupation, existing infirmities and disabilities, age, capital sum insured etc. obtained through a proposal form. In addition to this the moral hazard aspect of the proposal will also be considered. Risk will be underwritten as per guidelines of Underwriting Manual and rates applied according to the category of risk, allowing for discounts as filed with IRDAI depending on the favorable features.

D. Tender based Government Schemes

In case of Government roll out certain schemes, such as PMFBY, RWBCIS, Bangla Shasya Bima, any state and central government insurance schemes which are on tender basis or negotiation basis the procedure as specified in such tender documents or any procedure as notified by the Centre or State Government in pursuant to such tender shall be followed.

Chief Underwriting Officer will be responsible for the Technical Bid and the decision regarding whether to bid for a Cluster while Appointed Actuary will be responsible for Financial Bid. Discussions may be held among Appointed Actuary, Chief Executive Officer and the Chief Underwriting Officer to discuss the bidding strategy and different components of Technical and Financial bids. No records of these discussions would be required to be maintained.

Relevant Operational Guidelines, T&Cs as per Tender Documents and notifications and instructions from the relevant government(s) will be followed at different stages of bidding and approving the policies.

E. Other Insurance

Insurable perils under various other insurance products will be analyzed in conjunction with nature of risk asset being proposed for insurance. Nature of risk will be ascertained on the basis of information in proposal form for classes of the risks covered as below and the past claims history.

6. UNDERWRITING PROCESS

Automating routine tasks and documentation

Kshema will envisage designing its product in a manner that will allow substantial straight through processing. This will ensure that most of the retail business i.e. Crop, Motor, Shopkeeper and Individual Personal Accident will have an automatic underwriting approval procedure for most proposals. Online Proposal forms and printing of the policy at the point of sale will bring in efficiency and faster turnaround for the customers.

For other category products (other than Large Risks) the completed proposals with all supporting documents will be referred to the competent underwriting authority based on the delegation of underwriting authority by the Company. The underwriter may call for further information or supporting documents as required. The competent authority will approve/ reject the proposal based on the merits of the case. All such decisions will be taken in line with the underwriting policy approved by the Board of Directors. For very large risks, the proposal will be referred to and directly handled by the underwriting function in the Head Office.

Arrangements for other special reports

With a view to achieve service excellence, the Company plans to have a two-tier mechanism for arrangements of other special reports where required for the purpose of underwriting rural insurance proposals:

Third party administrators (TPA) to be empanelled by the Company.

Veterinary Doctors / Gopal Mitras / Aquaculture specialist/ Agriculture specialist and clinics empanelled by the Company directly.

The cases requiring health / valuation reports will be referred to the underwriter.

The report will be available with the Underwriter within defined TAT. The underwriter will revert with decision on receipt of the report. Based on the decision, the proposal will either be accepted or rejected.

7. RISK EVALUATION AND SELECTION

The Company would also suggest improvement in risk management, evaluation of risk mitigation measures and devising cost-effective insurance solutions. Pre-inspection will be an integral element in the underwriting process for commercial products and products where such inspection is necessary either by the company own officials or TPA.

Considering the uniqueness of each individual case, risk analysis and quote generation will be done either at the Head Office or at the branch level. The branch underwriter will coordinate with sales personnel and risk inspector to evaluate the risk before generating the premium quote. Based on the financial delegation of authority, the case can be referred to higher underwriting authority at the Head Office level for analyzing the risk and providing a fair premium quote to the customer. In event of customer's non-acceptance of the premium quote, the case may be reevaluated by senior underwriters at the Head Office.

8. PRICING APPROACH

Pricing Strategy

Kshema believes that appropriate pricing is extremely important for long term sustainable growth of the Company and hence will adopt a strong pricing and governance framework for pricing of all its products. Kshema pricing approach would take into account the tariff and the prevalent market practices. All product pricing tables containing detailed information shall be filed with IRDAI for prior approval under the terms of the File and Use guidelines as applicable from time to time or approved by the PMC of the company in case of Use and file.

Pricing Philosophy

The overarching pricing philosophy of the company is to set the premium rates such that the rate is reasonable and not excessive, inadequate, or unfairly discriminatory which will enable the Company to achieve its business aspirations protect the capital ensuring rate of return on the capital that is commensurate with the risk profile of the product in specific and business at large.

Our pricing philosophy recognizes our commitment to pricing adequacy, underwriting integrity, sound agency/channel management and a counter-cyclical approach to insurance on property, rural and other miscellaneous business. In line with our commitment and pricing philosophy Kshema has created 'A Pricing Framework', which will be integral part of our business process. The pricing framework comprises of Pricing process Governance & approval framework, Price monitoring & feedback loop.

The Company also recognizes that the critical component in the loss cost estimation is existence of historical loss data specific to our company. However, given the start-up nature of the company and, on occasion, need for innovation may compel us to look at alternative data proxies and estimation techniques including reference to market rates. However, in such circumstances Kshema would benchmark ourselves, as closely as possible, to the companies know to have underwriting / pricing discipline of an acceptable standard. Additionally, would rely on the judgment of the Appointed Actuary and senior underwriters within the Company.

Pricing process

Pricing, the process of establishing rates, involves a number of considerations including (but not limited to) marketing goals, competition and legal restrictions to the extent they influence the rate at which business can be effectively underwritten. However, this part of our framework is restricted to estimation of the technically sound premium rates as opposed to market rates (or street rates) that would be charged to the customers.

Pricing methodologies

A number of pricing methodologies (such as burning cost model, exposure model, frequency/severity model, GLM based relativities, etc) have been established by precedent or common usage within the general insurance industry. The company recognizes that there is no universal price methodology that could be applied in all the possible cases. There are number of considerations, such as class of business, homogeneity and credibility of data, loss development, trends, mix of business, market practices, etc, in the selection of appropriate pricing methodology. Informed actuarial judgment would be effectively used throughout the pricing process and would result in use of one of the following risk pricing method

Class rated Products.

Internal Tariff Rated Products: These will be standard products, wherein risk will be assessed based on secondary information and the Company's experience. Premium basis will be determined through research done using industry data, international benchmarks and specialized data and statistics available with the Company or other external vendor to the extent that they are relevant.

Historical data on claims incidence, claims severities and loss ratio will be used and adequacy of rates will be periodically reviewed. Data regarding the frequency and occurrence of perils will be recorded and analyzed, which will be used for revisions in rates if any.

Packaged products: Rates for packaged products would be developed on the same basis as that of class rated risks. However, each section of the package will have individual rates which will be developed on sound pricing norms, taking into account the underwriting policy approved by the Board of Directors Individual experience rated products: Products with high frequency but low intensity of loss occurrence such as Group Personal Accident, Poultry and Aqua culture will fall under this category. Actual hazard analysis, customer risk profile and customer claims experience will be the key in rating the risk for individual experience rated products. The risk category rates for class rated products will be used to set the guiding rates. Additional parameters of claims experience, risk profile, etc. would aid to modify these rates to suit the risk.

Exposure rated products: For exposure rated products the Company will undertake an evaluation of the exposure to loss in respect of the risk concerned. The Company will be guided by the risk assessment and profitability report submitted by the risk specialists . The rates will be set basis the Company's risk assessment, international experience for similar risks and rates for similar risks in the Indian market.

Large Risks: The Company would base rates for large risks on trends in international markets and on the reinsurance market.

Pricing elements:

Loss Cost: Losses and allocated loss adjustment expenses (ALAE) usually represent the largest component of the insurance cost and require the most attention from the pricing actuary. The company actuary will estimate expected losses and ALAE for a future policy period. This would be typically done based on aggregated historical data with a series of adjustments. Losses need to be adjusted for non-recurring extreme events such as large losses, catastrophe, benefit changes etc. The loss cost would also be adjusted to reflect ultimate settlement values and future cost levels. These adjustments would be based on examination of historical patterns of loss development and trend.

Expenses: The actuary would determine the provision for unallocated loss adjustment expenses; commission and brokerage fees; other acquisition expenses; general administrative expenses that are appropriate for the policies to be written or coverage provided during the time the rates are expected to be in effect. In addition, where appropriate, consideration would be given to sub-dividing the expenses. Expense element of the pricing would reflect the conditions expected during the time these policies / coverages are expected to be in effect. For expenses other than premium-related expenses, the pricing analysis would consider estimating these expenses on a basis that is not directly proportional to premium. Accordingly cost per policy, per coverage, a percentage of claim losses, or per unit of exposure would be separately estimated. Studies or actuarial judgment may support such estimates. Considering that the company would be a newly set-up with fair amount of start-up and development costs. Blend of actuarial judgment and industry practice would be used to arrive at an appropriate amortization period.

Risk Classification:

In order to remain competitive over the long term, it is critical that the rates are appropriate at the aggregate and at the individual risk level. This would also be in line with our pricing philosophy of premium rates being equitable while protecting us from anti-selection. In case of personal lines (i.e. individual customers) of business where large, homogeneous pool of risk are available, multivariate statistical techniques (such as GLM) would be used to identify the rating factor and also estimate the differential between the risks. However, during the startup phase, lack of in-house database would restrict our ability to use the statistical techniques. In such case, the rating factors and their relativities would be blend of actuarial judgment and existing market practice.

For commercial lines (i.e. corporate customers) of business lack of homogeneous pool of risk restricts our ability to use the statistical techniques. An in-house rating manual would be developed based on judgment of senior underwriter, market practice, reinsurance advice / support. The rate for each risk as determined from the in-house rating manual would be modified by use of 'schedule rating plan'. Schedule rating would be typically applied in the form of percentage credits (reductions) and debits (increases) to the manual rates based on objective & subjective characteristics of the risk. Additional consideration would be given to historical loss experience of the risk in consideration. The company recognizes the use schedule rating requires significant underwriting experience and would establish appropriate authority matrix as mentioned in underwriting section of R2 form.

Governance & Approval Framework

This is an integral part of the pricing framework in order to implement our underlying philosophy.

Given the intense competition existing in the market, pressures from distribution channel, need to grow the top-line to spread the fixed expenses, subjective element in the estimation process, it may be imperative for the company to charge rate that is different from the technical rates calculated above. The company recognizes that injudicious prices changes (reduction / increases) exposes the capital of the company, reputation with the customer/ channel partners and may affect the solvency as well. In order to manage above risk, the company will establish Product and Pricing Committee comprising of senior management from different functions (Underwriting, actuarial, marketing / distribution, operations & IT) who will have the ownership of the overall pricing. The committee will devise an appropriate authority matrix for the price changes based on factors such as extent of price deviation, size of the risk, size of the portfolio etc. Appropriate audit trail along with necessary sign-off would be maintained. This would ensure that the approvals process is well run, well documented and lends a good level of challenge rather than have indiscriminate price discounting.

Price monitoring & feedback loop

The company is of the view that establishing a strong price monitoring & feedback loop would be a competitive advantage. Hence requisite investment would be made in the IT/ System/Process to ensure that the necessary information is readily available with the option to drill-down in the details. The company is currently working on KPI (loss ratio, Combined Ratio, frequency, severity, etc) for each class of business and functions that would be provided by the system at the appropriate time interval. Additionally early warning indicators would be established for each class of business.

Additionally, subsequent to every significant price change, impact assessments of changes (actual vs expected) at an appropriate interval. In line with international best practice, full rate review analysis would be conducted annually. This would comprise of overall rate change at the portfolio level and also establishing the relativities for each class. The result of the monitoring process would be fed back to the actual rate being charged by the company. This would be done by identifying the trigger points / levels in the actual v/s expected results.

Databases Used for Pricing

Data that are completely, accurate, appropriate, and compressive are frequently not available. This is more so for Kshema, since it does not have its own pricing / loss data. As mentioned earlier, in such circumstances, the actuary would use his judgment in the selection of appropriate data proxies. The Company would look at data proxies from external organization such as Insurance Information Bureau (IIB), General Insurance Council, consulting firms, reinsurance companies (including The GIC Re). The some of the factors that would be considered for selection for relevant proxies are cost and feasibility of obtaining alternative data, time frame within which it would be made available, relevance of the data for Indian Market, the accuracy the incremental improvement in the estimation process etc.

However, the company will make the maximum use of the latest development in IT and disciplined data collection to enable effective monitoring of emerging experience and also future pricing.

Profitability Considerations

The cost of capital would be provided for by estimating that cost and translating it into an underwriting profit provision. The factors that would be taken into account for determining the cost would riskiness of the class, capital allocated to the class /risk, investment income. The initial capital allocation would be based on regulatory capital requirement. The company recognizes much of the capital is undifferentiated and as such whole of the capital is available for each risk. Additionally, in the initial years the expected solvency of the company is likely to be very high. These factors and presence of intense competition in the market and the start-up nature of the Company may compel us to take a relaxed view on incorporating the profit margin. However, acquisition costs, promotional expenses, expenses of management, catastrophe reserve and profit margin will be as per the underwriting policy approved by the Board of Directors.

Statistical Systems

As mentioned elsewhere, the core policy administrative system identified would capture all the relevant key information related to customer, risk, product, perils etc. This would enable the Company to perform product pricing and other analysis relevant to understand the emerging trends. Additionally, the Company would be also licensing applicable statistical analysis software (such as SAS, SPSS, R) etc. to help perform various price and customer analysis.

9. ROLE & INVOLVEMENT OF APPOINTED ACTUARY

The role of the Appointed Actuary is only indicative in nature and are not limited to as specified.

- To ensure that due diligence has been carried out on the product development process and pricing in accordance with regulatory stipulations in force.
- To document all the assumptions used in product pricing and the basis of those assumptions.
- To analyse the financial implications of risks covered in the product and build these into the rating of product on sound and prudent actuarial basis
- To confirm that the margins built into rates are consistent with the experience of the Company in respect of commission, management expenses, contingencies and profit
- Analyze the impact of product on the capital and solvency margin of the Company and inform the management and board of additional capital requirement, if any, to maintain solvency margin.
- Determine and inform the PMC about the data and system requirements, both at the time of underwriting and claims, to enable the company analyze the emerging experience of the product on a regular basis.
- To present product performance report to PMC along with recommendations at least on annual basis.
- To ensure the availability of sufficient Actuarial resources in respect of products filing with the Authority.
- To complete Form A, provide Form C and Technical Note.
- To submit Product Performance report to the Authority in respect of every product/add-ons on annual basis (Financial year) not later than 30th June in respect of a preceding Financial Year.

10. INTERFACE WITH OTHER DEPARTMENTS

The Underwriting Department cannot exist on a standalone basis and can only function on interdependent basis with other Departments in the Company. The underwriting department works closely with claims department, Finance, Administration and Marketing Department.

Chief Underwriting Officer (CUO)

The Chief Underwriting Officer is responsible for the overall supervision of all underwriting activities and reports to the CEO.

Head of Strategic Business Line (SBL).

- The Head of SBL is responsible for the management of the SBL. They report tothe General Manager Operations. Their duties involve the following.
- To implement strategies that ensures business retention.
- To grow the business
- Preparation of SBL budgets
- Marketing of all classes of business
- Preparation of periodic and ad-hoc management reports
- Underwriting insurance risks, negotiating claims settlement.
- Managing the team through recruitment, appraisal, training, and communicating company strategy.

Head Underwriter

The Head of Department is responsible for overseeing and coordinating the operation of the department. They are responsible for the supervision of the deputy heads and report to the CUO.

Deputy Head SBL

They assist the SBL Head in the management of the Business units and reports to the SBL Head.

Senior Underwriter

The senior underwriter is responsible for analyzing the business, processing and monitoring claims and underwriting issues and assisting in the management of thebusiness portfolio. Their role involves among others:

- Marketing all classes of business in line with corporate marketing strategy
- Preparing business performance analysis reports, claims statistics and other ad-hoc management reports.
- Claims cover confirmation
- Training new staff on system.

Underwriter

To accept and process underwriting business from clients and intermediaries. They receive proposal forms, assess risk and issue policies and endorsements. They also must attend to queries from clients and report them to Senior Underwriter.

Assistant Underwriter

The assistant underwriter is responsible for accepting and processing underwritingbusiness from clients and reports to Underwriter.

11. ELEMENTS OF QUALITY SYSTEM & DOCUMENTED PROCEDURES

The procedure manual is intended to provide good quality underwriting for Kshema. As a department which performs the core activities in the company, the department employs professionally qualified personnel equipped with the necessary skills and expertise to provide quality services to the customers and the Company in general.

12. DEFINITION SECTION

In this Manual the following words and phrases shall have the meanings ascribed to them in this section:

Team Manager:	Shall mean any of the following: Head of SBL, Deputy SBL
Underwriters:	Shall refer to any of the following: Senior Underwriter,Underwriter and Assistant Underwriter.
SBL	Means Strategic Business Line.

13. QUOTATION HANDLING

Purpose
To determine the price, terms, conditions, and scope of cover for the product that a customer or client requires.

Objective
Meeting customer expectations by providing terms that are market competitivethat are adequately priced within 24 hours from the receipt of RFP.

Scope
All underwriting quotations received in the organization.

Responsibility
SBL head & deputy, Senior underwriters, underwriters, assistant underwriters are the personal with responsibility to generate a quotation.

Activity Description
- Deputy Head Underwriter shares the information with underwriters.
- Underwriters check their level of authorization before issuing quotations.
- They also check for reinsurance capacity, exclusions, and extensions.
- If our treaties exclude the line of business then the quotation request must be forwarded to the re-insurers immediately and this must also be communicated well to the client/Intermediary
- The underwriter will also have to check and ensure no duplication exists within the company corresponding to the same risk.
- If everything is in order then the underwriter issues the quotation with reference to the rating guidelines using the standard format that must be available to all teams
- The quotation is referred to the Senior Underwriter for approval before sending to the Intermediary or client.
- If the quotation exceeds the limits of Senior Underwriter the same is escalated to Head underwriter or CUO.
- After approval the quotation is sent to client/Intermediary.
- The quotation is recorded in the Quotation Register.
- Follow up must be done within 5 working days after releasing the quotation
- Once the outcome is received the Assistant Underwriter records in the quotation register weather the quote is taken up or not with reasons for rejected quotes.

Attachments & Appendices
Authorisation levels as mentioned under point no. 17 shall be followed for all the products including motor and non-motor quotations, rating guidelines, re- insurers quotations where necessary.

Records
Quotations register.
All quotations received from the re-insurers.Quotation file

Measurements of Effectiveness
Reduction or zero incidences of quotations not being provided within 24 hours and maintaining uniformity in providing quotations from the company.

14. UNDERWRITING NEW BUSINESS

Underwriting new business is one of the paramount importance of this department, whereby growth is achieved. Hence the underwriting department must have more focus on new business acquisition.

Purpose

To understand the insurance needs of the client and provide insurance cover within the stipulated time.

Objective

Providing cover according to the agreed terms and conditions within 5 days of receipt of RFP.

Scope

All new business received in the organization.

Responsibility

SBL heads, Senior underwriters, underwriters, and assistant/trainee underwriters are responsible for issuing and correcting policies inaccordance with authority levels.

Activity Description

- Underwriters' checks level of authorisation for new policy handling, they also check for underwriting reinsurance treaty capacity, excluded lines of business and limits of sum insured for pre-inspection survey requests.
- Underwriters also check for discrepancies between closing instructions and quotations or missing information on proposal forms including video proposal. Clients will be requested to provide missing information within 5 working days.
- Upon receiving all details and descriptions the underwriter issue new policies through the underwriting system.
- Where there is need for reinsurance, placement of reinsurance must be done, and slips issued within two days of replacement. The reinsurance slips must be authorized by the team manager before sending them to intermediary.
- A system generated digital-underwriting file is created showing insured name and policy number.The file contains a copy of policy schedule, held cover form, closing instructions any mid-term changes and is stored digitally.
- The policy schedule is attached to the relevant policy wording and bound togetherin the appropriate policy covers.
- The ready for dispatch document and the digital underwriting file must be referred to the team for approval before dispatch.
- If everything is in order, e-insurance policy document must be sent to the Intermediary or client within next working day from the day of receiving mail.

Attachments & Appendices

New business authority levels, rating guides including council rates, governmentregulations, warranties, policy wordings, limits for new business survey requests, proposal forms, reinsurance slip.

Records

Held cover file
Manual-underwriting fileComputer files
Master slip

Measurement of Effectiveness

Note incidences where policies are issued after next working days from time ofreceipt of mail.

15. ENDORSEMENTS

To record changes that are requested by the insured either due to changes at the insured end or correct the mistakes that have creeped into the policy document.

Purpose

To effect changes to policy details, terms, and conditions within the period of insurance

Objective

To ensure that relevant policy adjustments are done within the stipulated TAT of receipt of instructions.

Scope

All endorsement mails received in the organization

Responsibility

SBL heads and their deputies are responsible for receiving mail,checking, and commenting on errors, and delegation for processing.

Senior underwriters and assistant /trainee underwriters are responsible for issuing and correcting endorsements in accordance with authority levels. Filing clerks are responsible for physical and digital record keeping.

Activity Description

- Deputy SBL distributes endorsements mail to underwriters (senior underwriters, underwriters, and assistant underwriters). Underwriters check level of authority for endorsements handling, they also check for underwriting reinsurance treaty capacity, excluded line of business and limits of sum insured for survey requests.
- There is need to check premium calculations and communicate any errors to intermediary or clients.
- The underwriter then requests the underwriting file for the respective endorsement. No endorsement must be done without verifying the facts in underwriting file.
- If the endorsement increases limit of liability beyond our retention line, then the balance must be ceded to the treaties. If treaty capacity is exceeded, then the underwriter will have to place the balance on facultative arrangements (pro-rata)
- If all is well, the endorsement is issued in the underwriting platform system, stating the reason for endorsement.
- A copy is filed in the underwriting file.
- The endorsement and the underwriting file must be referred to the team manager for approval before sending to client or intermediary.
- The endorsement must be sent to the Intermediary or client within next working day from the day of receiving instructions.

Attachments & Appendices

Endorsements authority levels, rating guides including council rates, governmentregulations, warranties, policy wordings, schedule property.

Records

Held cover file
Manual-underwriting fileComputer files

Measurement of Effectiveness

Reduction or zero incidences of endorsement being issued after next working dayfrom receipt of mail.

16. VALUATION AND SURVEY HANDLING

Purpose

To determine the proper value and risk management of the given subject matter ofinsurance.

Objective

To minimize underinsurance and ascertain the extent of risk exposure.To minimize losses.

Scope

All Underwriting surveys and valuation in the organization.

Responsibility

Senior Underwriters, underwriters SBL head/ deputies/Branch Managers, valuers, motor assessors, engineers.

Activity Description

- Underwriters confirm with Intermediaries/clients on the need for valuations.
- Underwriters fills in the details of property which needs to be valued on the valuation request form.
- Underwriters ensure the CLIENT signs admission of valuation recommendations OR the Intermediary can sign on behalf of the insured before valuation. Or else they will be charged for services rendered if they don't take up cover with Kshema.
- The valuation request is recorded in the valuation register.
- Managers (SBL head and SBL deputy head), authorize the valuation request forms before submission to internal risk department. The valuers confirm date and time of valuations with clients.
- The valuation report should be received from the risk department within the time frame as stipulated in the risk management service level standards.
- The underwriter must send the valuation report to the client and maintain a copy of the report in the underwriting file.

Attachments & Appendices

Survey requests forms, copy policies. Risk management service level standards.

Records

Underwriting file, valuation report and valuation register.

Measurement of Effectiveness

Reduction in policies with underinsurance.

17. RENEWAL/REPEAT GENERATION

Purpose

To review terms on expiring policies and advise clients six weeks before renewal date, wherever applicable.
To target repeat business from the existing/past policyholders

Objective
To ensure that all existing businesses are retained.

Scope
This procedure applies to all renewals generated within the organization.
IT Personnel, Deputy SBL Head, Senior Underwriter and Underwriter haveresponsibility for implementation of the procedure.

Activity description
- The SBL Head receives renewal/repeat prelist from the IT department.
- The renewal/repeat prelist is divided and allocated to underwriters.
- Physical or digital files are requested for corporate clients.
- The underwriter calculates the loss ratios for all the policies due for renewal or repeat business to determine the new rate, terms, and conditions.
- If the loss ratio exceeds 70% for corporate client and 100% for individuals, the underwriter must consult the team manager on whether to invite renewals/offer policies for new season.
- The underwriter will do the necessary amendments in the system.
- Having done the necessary changes in the system the renewal co-coordinator will advise the IT department to print the renewals.
- The underwriter will check that the printed document is accurate before dispatch.
- The underwriter will write a memo with new terms.
- The underwriter must resend the renewal/repeat business documents to various intermediaries and clients.

Attachments & Appendices
Memo Schedule

Records
Renewal prelist File copy of memo
CRM generated renewal

Measurement of effectiveness
Reduction in lost business on renewal

18. UNDERWRITING REPORT PREPARATION

Purpose
To ensure that information relating to underwriting performance is provided tomanagement.

Objective
To provide underwriting information effectively and promptly to management

Scope
Relates to all underwriting activities within the organization.

Responsibility
Senior underwriter, Team Managers, and departmental secretaries.

Activity Description
- The senior underwriter prints the report from the system for the relevant period.
- All policies with gross premium above INR 1 lakh are selected.
- The senior underwriter must classify the business into the following categories:
  a) New business
  b) Endorsements
  c) Renewals
  d) Cancellations
- The senior underwriter collects information on outstanding mail from underwriters and is classified into the following categories.
  a) Current (i.e. less than 7 days outstanding)
  b) 1 week
  c) 2 weeks
  d) 3 weeks
  e) Other
- The information is compiled into a report.
- The report is combined with claims reports and becomes a performance report.
- The completed report is sent to the team manager who will forward it to the concerned stakeholders. If it is a weekly report, it is sent to Executive Management; if it is a monthly report, it is sent to the management team.

Records
Weekly and monthly reports

Measurement Of Effectiveness
Note incidences of failure or late submission of underwriting reports to management.

19. CANCELLATION & REVERSAL OF PREMIUM

Purpose
To assist in adjustment of premium account.

Objective
To ensure that accounts reflect a true picture of premium and ensure effective cancellation of the policy.

Scope
It applies to all cancellation requests received and/or for policies that underwriter has decided to cancel the insurance due various valid reasons.

Responsibility
Accounts, underwriters, Team Managers

Activity description
- On receipt of request for cancellation the operation team would forward the same to the underwriter for cancellation.
- A copy is also sent to the team manager who should confirm the cancellation and calculation of the premiums.

- If the client is insured through an intermediary, the underwriter upon cancellation sends request to accounts team to reflect against the concerned intermediary.
- The requisition is attached to the underwriting file and sent to the underwriter for premium payment confirmation.
- After premium confirmation, the file is sent to the team manager for approval of payment.
- If all is in order the file is sent to the Finance Manager for payment authorization
- After authorization the transfer is then processed.

Attachments & Appendices.
Cancellation request
Policy document
Cancellation calculation and approval

Records
Cancelled policies

Measurement of Effectiveness
Reduction/zero incidences of uncancelled policies and reflection of accurate accounting of premium.

20. Cover Confirmation

Purpose
To confirm that the claim is covered by the policy, only where clarification is sought by the Claims department owing to technicalities of a claim.

Objective
To ensure that the company will only consider those claims those are covered by the relevant policies.

Scope
This procedure applies to those claims, requiring clarification from Underwriter.

Responsibility
The senior underwriter/underwriting manager is responsible for executing this procedure

Activity Description
The senior underwriter/underwriting manager receives the claim file from the claim's processor.

- The senior underwriter/underwriting manager checks the following against the underwriting policy.
- The policy documents
- The insured risk
- The date of loss against the period of insurance
- The cause of loss versus the insured events.
- Sum insured / Limit of Liability
- All excesses applicable.
- Any exceptions/conditions breached
- The senior underwriter/underwriting manager adds comments based on the findings.
- The senior underwriter/underwriting manager signs and dates the file and returns it to the processor.

Attachments & Appendices
Underwriting docket with Policy files
Endorsements if any

Records
Claim files

Measurement Of Effectiveness
Zero incidences where claims are processed without cover confirmation or wrong confirmations having been done.

21. Client Visits

Purpose
To maintain a good relationship with clients by visiting clients

Objective
To ensure that underwriters keep contact with clients by making at least one visit or via any other appropriate method.

Scope
This procedure applies to all underwriters within the organization

Responsibility
Underwriters, marketing personnel and team managers

Activity Description
- Appointments shall be made by the person making the visit at least a day before the visit
- Every visit should be notified to the team manager.
- A person making the visit must be formally dressed.
- Arrival at the client's offices must be at least five minutes earlier than the scheduled time.

Records
Agreements.
Records of proceedings

Measurement Of Effectiveness
Note amount of new business acquired or retained through client visits.

22. Underwriting Authority Levels

Quotations for Agri and Rural Business

Line of Business	Underwriter	Sr. Underwriter	Head of Department	CUO	PMC
Agriculture (Per acer/ Per Policy)	25000	50000	100000	200000	Above 200000
Livestock (Per animal / Per Policy	50000	100000	200000	500000	Above 500000
Motor Liability only (2-wheeler)	Upto 150 cc	Upto 350 cc	Above 350 cc	New Models	New Models
Motor Package	100000	200000	500000	1000000	Above

policy (2-wheeler)					1000000
Motor Liability only (Private car)	Upto 1000 cc	Upto 1500 cc	Upto 2000 cc	Above 2000 cc	New Models
Motor Package policy (Private car)	500000	100000	2000000	3000000	Above 3000000
Fire (Dwelling)	3000000	5000000	7500000	10000000	Above 10000000
Personal accident (individual)	200000	500000	1000000	2000000	Above 2000000

Acceptance and approval shall be done by one step higher than the quotation limit.