



Treating customers fairly

Hurricanes were not the only natural catastrophes to cause devastation in 2005. Extreme monsoon flooding in the Indian sub-continent caused significant infrastructure damage and in July 2005, the vicinity of Mumbai and the state of Maharashtra were badly affected. Insured losses are estimated to be some US\$ 500million.

Amlin has for the past four years led the Lloyd's catastrophe reinsurance programme whereby The General Insurance Company ("GIC") of India buys cover for flood and earthquake perils. Thus far it had been standard industry practice for the primary insurer to pay claims, provide proof of payment to the reinsurer and then gain the contracted level of recompense.

However in the case of this major catastrophe, (and similarly with Hurricanes Katrina and Rita) the state reinsurance company needed to make large volumes of payments quickly, for both practical and humanitarian reasons. As lead underwriter on the reinsurance programme, we took the view that the Syndicate should provide staged advance payments to GIC, without waiting for the usual documentation. This additional cash flow enabled them to improve the situation for their local reinsurance clients and ultimately, the original insureds.

Mike Hernandez, Non-Marine Director at Cooper Gay, GIC's London broker commented, "The reinsurance leaders of the programme reacted fantastically to this complex and unique loss, rapidly making funds available to GIC and forming quick conclusions on the type of loss this was and how it should be recovered. There is no doubt that this set the standard for all recoveries on the many reinsurance programmes emanating from India." Mr. R.K. Joshi, Chairman of GIC has thanked Amlin "for the assistance rendered in providing capacity to the Indian market, the unique support for expeditious settlement of monsoon floodplains and for being the catalyst for a cascading effect on other leading international reinsurers."

We believe this flexible approach is in the spirit of what the FSA has termed "treating customers fairly". It may also serve to encourage other insurers to buy appropriate levels of reinsurance cover for the future.