

Life & Health Reinsurance Contract Certainty Checklist

The checklist is applicable for all life insurers, life reinsurers and life reinsurance brokers in Singapore. The objective of this checklist is to ensure clarity of the life and health reinsurance contracts.

Definitions

Contract certainty is achieved by the complete and final agreement of all terms and signed lines between the reinsured and the reinsurer by the time that they enter into the contract. Contact documentation shall be provided to all parties within 30 days of the cedant's risk inception or the cedant's order to bind whichever is later.

Explanatory Note:

The full wording and/or clauses should be included in the reinsurance contract. References may be made to widely used clauses as prescribed by internationally recognised Market associations, provided these clauses in their original published form are not altered by the broker or the reinsurer.

Brokers may choose which combination is submitted to reinsurers; reinsurers may choose whether to accept such references to clauses or require a different approach.

Contract Certainty

Pre-Inception Requirements

Full wording and all clauses are clearly specified and agreed by all parties to the contract, before the reinsured formally commits to the contract.
Contract certainty attributes, listed overleaf, are satisfied, together with any internal quality requirements (e.g. for Lloyd's reinsurers, the contract certainty aspects of the Lloyd's published checking requirements)
Subjectivities are stated clearly as conditions of the contract, with responsibilities and timescales for resolution, and with the consequences of failure clearly specified.
All terms and conditions are agreed between the reinsured and reinsurers before inception.
Signed lines are calculated by the broker by inception and made available to the reinsurers at inception on request.

Post-Placement Requirements

Signed lines are notified to all reinsurers within 30 days of inception or cedant's firm order to bind, whichever is later.
Appropriate evidence of cover, including security, is to be issued within 30 days of inception or cedant's firm order to bind, whichever is later.

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Contract Certainty Attributes

The 6 primary attributes of contract certainty are listed below, together with related questions that may help in assessing individual contracts. Brokers and reinsurers will need to satisfy themselves that any negative responses do not compromise contract certainty. Brokers and reinsurers are encouraged to record the reason(s) for a negative assessment.

Guide as to whether Contract Certainty attribute met		Checklist	Comments
Contracting Parties	REINSURED – Are all reinsured legal entities clearly stated? (for facultative reinsurance, both the reinsured and the original insured should be shown)	Y / N / NA	
	REINSURER - Are all reinsurer legal entities clearly stated?	Y / N / NA	
Period	COMMENCEMENT DATE - Is the date specified, including time zones, where appropriate?	Y / N / NA	
	EXPIRY DATE ¹ - Is the date of contract expiry specified, including time zones, notice period, where appropriate?	Y / N / NA	
Risk Details	TERRITORY - Are there any clauses and wordings that contain the territory in which policies are issued and/or covering?	Y / N / NA	
	LINES OF BUSINESS / BENEFITS ² - Are there any clauses and wordings that contain the lines of business or benefits covered?	Y / N / NA	
	POLICIES AT COMMENCEMENT - Are there any clauses and wordings that contain coverage of policies at commencement - for new business only or for inforce portfolio?	Y / N / NA	
	TYPE OF TREATY ³ - Are there any clauses and wordings that contain the type of treaty	Y / N / NA	
	REINSURER'S (PARTICIPATION) SHARE / LIABILITY - Is the reinsurer's share and liability clearly specified?	Y / N / NA	
	SUM REASSURED / LIMITS ⁴ - Are there any clauses and wordings that contain sum reassured and the following limits? If so, are these clearly expressed and stated?	Y / N / NA	
	CURRENCY ⁵ - Ensure that the currency is clearly specified throughout the contract ?	Y / N / NA	
	EXCHANGE RATE (if applicable) - Is the basis of exchange rate clearly stated in the contract?	Y / N / NA	
	SUBJECTIVITIES ⁶ - Are any subjectivities clearly expressed?	Y / N / NA	
	CHOICE OF REINSURANCE LAW & JURISDICTION – Have the law, jurisdiction and any arbitration conditions been referenced?	Y / N / NA	
	EXCLUSIONS (if applicable) - Are the exclusions clearly specified?	Y / N / NA	
	Have the wordings and all clauses been attached /referenced in the submission/tender document/information pack? Can it be confirmed that there are no TBAs (to be advised/agreed) for the items listed in the checklist?	Y / N / NA	

Guide as to whether Contract Certainty attribute met		Checklist	Comments
Premium & Deductions	PREMIUM ⁷ - Are the premiums or premium rate clearly expressed?	Y / N / NA	
	PREMIUM PAYMENT TERMS - Are any payment terms identified? (including due date(s))	Y / N / NA	
	COMMISSION - Are Commission, Selection Rebate or other allowances (if any) percentage share specified?	Y / N / NA	
	PROFIT COMMISSION (if any) - Are the Profit Commission conditions clearly specified?	Y / N / NA	
	TAXES PAYABLE (if applicable) - Are taxes payable by the reinsurer and administered by the reinsurer clearly stated?	Y / N / NA	
Information	Is the information provided by the reinsured referenced in the placing documents?	Y / N / NA	
Administration	BASIS OF AGREEMENT ⁸ - Is the basis of agreement to contract changes identified?	Y / N / NA	
	OFFER & ACCEPTANCE - Is there proper evidence of the offer and acceptance of the terms of the reinsurance contract, facultative reinsurance, etc.? Such evidence may include electronic or written communication.	Y / N / NA	
	CONFIDENTIALITY - Are the clauses and wordings on confidentiality clearly stated?	Y / N / NA	
	REINSURANCE ADMINISTRATION ⁹ – Are the basis of reinsurance administration specified?	Y / N / NA	
	CLAIMS ADMINISTRATION ¹⁰ – Where applicable, is the basis of claims administration specified?	Y / N / NA	
	FEES ¹¹ (if applicable) - Are fees payable clearly stated? Are arrangements for payment/collection of fees stated?	Y / N / NA	

HAS CONTRACT CERTAINTY BEEN ACHIEVED?	Y / N	
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Explanation Notes and Examples

- 1) EXPIRY DATE may refer to:
 - Contract entered into indefinite time period, in which case Notice period for termination is to be stated.
 - For contracts entered into a fixed time period, the Expiry date and time zone is to be stated.
- 2) LINES OF BUSINESS / BENEFITS may refer to:
 - In the case of catastrophic cover, perils, radius and lives warranty.
 - Any clauses and wordings on sanctions and Embargoes (where applicable)
- 3) TYPE OF TREATY may refer to:
 - Surplus, Risk Premium Quota Share, Original Terms Quota Share
 - Excess of Loss, Stop Loss
- 4) SUM REASSURED / LIMITS may refer to:
 - Retention Limit for each benefit reinsured
 - Automatic Acceptance Limit or Underwriting Limit or Treaty Limit for each benefit reinsured, Underwriting referral / authority, etc.
 - Accumulation Limit for Group business: automatic acceptance OR per event limit per scheme both

For non-proportional Business :

 - Treaty retention, retention per life
 - Maximum liability per event
 - Maximum liability per cover period

For catastrophe cover:

 - Warranted minimum number of victims
 - Maximum liability per life
 - Maximum limit for collective travel
 - Reimbursable portion
- 5) CURRENCY may refer to:
 - Ensure currency is clearly specified for limits, accounting and settlement etc.
- 6) SUBJECTIVITIES may refer to:
 - the condition/action that needs to occur, by whom and to what standard;
 - the applicable timescale, if any, within which the condition is to be met;
 - the terms which are to apply until the condition is met; and
 - any consequences which follow if the condition is not met.
 - warranties and representation (if applicable)
- 7) PREMIUM may refer to:
 - Guaranteed or not guaranteed premium rates
 - Risk premium or original terms
 - Any prior approval required for premium change.
 - For non-proportional Business - Are the premium rate/ minimum and initial premium OR premium amount provided?
- 8) BASIS OF AGREEMENT may refer to:
 - Treaty or signed slip
 - How alterations or amendments to the contract is to be made?
- 9) REINSURANCE ADMINISTRATION may refer to:
 - Accounts, information required, confirmation, payment, set-off, frequency, due dates, late interest, discrepancies / errors & omissions, etc.
 - Rights of inspection
- 10) CLAIMS ADMINISTRATION may refer to:
 - Claims authority limit, claims notification,
 - Claims handling conditions, claims decision, referral, expenses, etc.
- 11) FEES may refer to :
 - Expert fees, late payment fees, settlement expenses, finalization settlement, termination settlement, etc.

END