Swiss Re

# Recoveries – Policy Interpretation

**Swiss Re International SE, Niederlassung Deutschland**

We have provided the following examples to help brokers and clients understand how they are applied in practice under our new policies and compare them to treatment under our 'old' policies. When it comes to recoveries, we follow market practice and the following applies under our new policies:

Crystallisation date is calculated from the notifiable event date rather than the claimable event date.

Swiss Re is entitled to 100% of any recovery up to the amount of the first loss. Thereafter recoveries will be apportioned on a pro rata basis

Where a claim is split over two policy periods, the first loss of only the previous policy period applies.

This next section deals with the treatment of recoveries post claims payment.

## Minimum retention salvage calculation

| | |
|---|---|
| Gross debt | €6,000 |
| Claim payment | €5,000 |
| Minimum retention | €1,000 |
| Recovery | €500 |
| Current policy | €500 (Recovery) x €5,000 (Claim Payment) |
| Pro rata calculation | €6,000 (Gross Debt) |
| Swiss Re proportion | €416.67 |
| Insured proportion | €83.33 |

## New policy

The policy requires that the Insured must always retain for their account the amount of the first loss, in this case the Minimum Retention. Swiss Re is therefore entitled to receive 100% of any recovery up to the amount of the Minimum Retention figure.

| | |
|---|---|
| Recovery | €1,500 |
| Less minimum retention | €1,000 |
| Recovery less minimum retention | €500 |
| **Current** | €500 (Recovery) x €5,000 (Claim Payment) = €416.67 €6,000 (Gross Debt) |
| Swiss Re proportion | €1,416.67 |
| Insured proportion | €83.33 |

**Each & Every salvage calculation**

| | |
|---|---|
| Gross debt | €6,000 |
| Claim payment | €4,500 |
| Each & Every | €1,000 |
| Recovery | €500 |

| | |
|---|---|
| **Current policy** | €500 (Recovery) x €4,500 (Claim Payment) |
| Pro rata calculation | €6,000 (Gross Debt) |
| Swiss Re proportion | €375 |
| Insured proportion | €125 |

## New policy

The policy requires that the Insured must always retain for their account the amount of the first loss, in this case the Each & Every.
Swiss Re is therefore entitled to receive 100% of any recovery up to the amount of the Each & Every figure.
In this instance, Swiss Re is entitled to 100% of the full recovery - €500

| | |
|---|---|
| Gross debt | €6,000 |
| Claim payment | €5,000 |
| Each & Every | €1,000 |
| Recovery | €1,500 |
| **Current policy** | €1,500 (Recovery) x €4,500 (Claim Payment) |
| Pro rata calculation | €6,000 (Gross Debt) |
| **Swiss Re proportion** | **€1,250** |
| **Insured propor-** | €375 |

## New policy

The policy requires that the Insured must always retain for their account the amount of the first loss, in this case the Each & Every.
Swiss Re is therefore entitled to receive 100% of any recovery up to the amount of the Each & Every figure.

| | |
|---|---|
| Recovery | €1,500 |
| Less Each & Every | €1,000 |
| Recovery less Each & Every | €500 |
| **Current policy** | €500 (Recovery less E&E) x €4,500 (Claim Payment) = €375 |
| | €6,000 (Gross Debt) |
| **Swiss Re proportion** | **€1,375** |
| **Insured proportion** | |