

# Recoveries - policy interpretation.

**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.

QBE 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.

\* applies to Comprehensive policies effective from 1 August 2014

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

<b>Current policy</b>	$£500 \text{ (Recovery)} \times £5,000 \text{ (Claim Payment)}$
Pro rata calculation	£6,000 (Gross Debt)

<b>QBE proportion</b>	£416.67
<b>Insured proportion</b>	£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. QBE is therefore entitled to receive 100% of any recovery up to the amount of the Minimum Retention figure.

In this instance, QBE is entitled to 100% of the full recovery - **£500**

Gross debt	£6,000
Claim payment	£5,000
Minimum retention	£1,000
Recovery	£1,500

<b>Current policy</b>	$£1,500 \text{ (Recovery)} \times £5,000 \text{ (Claim Payment)}$
Pro rata calculation	£6,000 (Gross Debt)

<b>QBE proportion</b>	£1,250
<b>Insured proportion</b>	£250

### 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. QBE is therefore entitled to 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

<b>Current policy</b>	$£500 \text{ (Recovery)} \times £5,000 \text{ (Claim Payment)} = £416.67$
	£6,000 (Gross Debt)

<b>QBE proportion</b>	£1,416.67
<b>Insured proportion</b>	£83.33

## Each & Every salvage calculation

Gross debt	£6,000
Claim payment	£4,500
Each & Every	£1,000
Recovery	£500
<b>Current policy</b> .....	<b>£500 (Recovery) x £4,500 (Claim Payment)</b>
Pro rata calculation	£6,000 (Gross Debt)
<b>QBE proportion</b>	<b>£375</b>
<b>Insured proportion</b> .....	<b>£125</b>

### 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.  
QBE is therefore entitled to receive 100% of any recovery up to the amount of the Each & Every figure.

In this instance, QBE is entitled to 100% of the full recovery - **£500**

Gross debt	£6,000
Claim payment	£5,000
Each & Every	£1,000
Recovery	£1,500
<b>Current policy</b> .....	<b>£1,500 (Recovery) x £4,500 (Claim Payment)</b>
Pro rata calculation	£6,000 (Gross Debt)
<b>QBE proportion</b>	<b>£1,250</b>
<b>Insured proportion</b> .....	<b>£375</b>

### 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.  
QBE 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
<b>Current policy</b> .....	<b>£500 (Recovery less E&amp;E) x £4,500 (Claim Payment) = £375</b>
	£6,000 (Gross Debt)
<b>QBE proportion</b>	<b>£1,375</b>
<b>Insured proportion</b> .....	<b>£125</b>

## QBE European Operations

30 Fenchurch Street  
London EC3M 3BD  
tel +44 (0)20 7105 4000  
[QBEurope.com](http://QBEurope.com)

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