

Notice No: MAS 114 (Amendment) 2020

Issue Date: 5 Mar 2020

REINSURANCE MANAGEMENT

Introduction

- 1 For presentational purposes, the amendments in this document are compared against the version of the MAS Notice 114 on Reinsurance Management last revised on 22 April 2013.
- 2 This document shall be interpreted as follows:
 - (a) Text which is coloured and struck through represents deletion which will not appear in the untracked version of MAS Notice 114 revised on 5 March 2020, which is published on MAS' website www.mas.gov.sg ("Published Version"); and
 - (b) Text which is coloured and underlined represents insertion which will appear in the Published Version.
- 3 The amendments reflected in this document shall take effect on 31 March 2020.
- 4 This document is to be used for reference only. In the event of discrepancies between the amendments in this document and the Published Version, the Published Version shall prevail.

Notice No: MAS 114

Issue Date: 01 April 2011(last revised on ~~22 April 2013~~ 15 Mar 2020)

This Notice replaces MAS 114 dated 28 March 2002

REINSURANCE MANAGEMENT

Introduction

1 This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) (“the Act”). It shall be read in conjunction with the provisions of the Act ~~and~~ the Insurance (Valuation and Capital) Regulations 2004 (G.N. No. S 498/2004) (“the Regulations”) and MAS Notice 133 on Notice on Valuation and Capital Framework for Insurers, and applies to all licensed insurers except for paragraph 5 which does not apply to reinsurers and captive insurers. This Notice comprises both a mandatory requirement (Part I) and guidelines (Part II).

[MAS Notice 114 (Amendment) 2013]

2 Reinsurance management refers to the oversight and control of outward reinsurance arrangements, where a portion of the risks assumed by an insurer is ceded to another insurer. Insurers may purchase reinsurance to provide security and liquidity, and to increase their capacity to underwrite more business. As every insurer carries in its financial statements a significant amount of liabilities to policyholders and claimants, reinsurance management plays an important role in ensuring the insurer’s ability to meet these obligations. If an insurer places significant reliance on reinsurance as a risk mitigant, weaknesses in its reinsurance arrangements may impair its liquidity or capital position, and possibly affect its ability to meet its obligations to policyholders and claimants.

3 Under the Regulations and MAS Notice 133, credit is given to insurers for reinsurance ceded by way of reduction in policy liabilities presented on the balance sheet. Also, the C1 ~~insurance risk~~ requirement is applied to policy liabilities net of reinsurance. It is therefore pertinent that credit for reinsurance ceded is taken only when the reinsurance arrangements effectively reduce the policy liabilities of the insurers and the amount of credit taken is commensurate with the economic value added by entering into these reinsurance arrangements.

34 This Notice sets out the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top ten reinsurance counterparties. The Notice also sets out the guiding principles that relate to the oversight of the reinsurance management process of insurers and the determination of significant insurance risk

transfer. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same meaning as in the Act.

Part I: Mandatory Requirement

Reporting Requirement for Outward Reinsurance Arrangements

5 A licensed direct insurer shall lodge electronically with the Authority within 5 months from the end of its accounting period, details of its outward reinsurance arrangements involving significant insurance risk transfer and exposures to its top 10 reinsurers in respect of its Singapore Insurance Fund and Offshore Insurance Fund in the format set out in Appendix A (in respect of general business) and Appendix B (in respect of life business) of this Notice.

[MAS Notice 114 (Amendment) 2013]

Part II – Guidelines

Reinsurance Management Strategy

6 The Reinsurance Management Strategy (“RMS”) should form part of the insurer’s overall underwriting strategy and risk management philosophy, and should be properly documented. The RMS should identify the insurer’s reinsurance management systems, in particular, its policies and procedures for selecting and monitoring reinsurance arrangements as well as management responsibilities and controls. It should lay down clear methodologies for determining all aspects of the insurer’s reinsurance arrangements, including but not limited to:

- (i) identification of the insurer’s tolerance to risk;
- (ii) identification of the risk retention levels appropriate to the insurer’s tolerance to risk;
- (iii) determination of the types of reinsurance arrangements most appropriate to manage the insurer’s risk exposure in relation to its risk tolerance;
- (iv) selection of the panel of reinsurers used, including consideration of diversification and credit worthiness of the reinsurers;
- (v) management of any known concentration risks with respect to a particular industry, geographical region, product type, and/or single insured in the insurer’s underwriting books;
- (vi) involvement of reinsurance brokers, if any, including their role in structuring the insurer’s reinsurance arrangements and the selection criteria for reinsurance brokers;
- (vii) the process for monitoring, reviewing and updating the RMS in response to changes in the market and the insurer’s risk profile;

- (viii) management of credit risk which will affect the collectability and timely receipt of its reinsurance recoverables;
- (ix) management of liquidity risk arising from a timing mismatch between the payment of claims and the receipt of reinsurance recoverables; and
- (x) management of legal risk arising from the reinsurance contract wordings not accurately reflecting the intent for the purchase of the reinsurance cover or the reinsurance contract being not legally enforceable.

Role of the Board of Directors and Senior Management

7 The primary responsibility for the sound and prudent management of an insurer rests with the Board of Directors and senior management. The Board of Directors and senior management should develop, implement and maintain a RMS appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due.

8 The Board of Directors should review the RMS at least once a year, or when there are material changes to the insurer's circumstances, its underwriting policy or the status of its panel of reinsurers.

9 Senior management should define and document clear operational policies and procedures for implementing the RMS approved by the Board of Directors. Adequate internal control systems should be in place to ensure that all business activities are carried out with the RMS in mind and that the planned reinsurance cover is in place. Senior management should ensure proper and effective reporting systems which satisfy all requirements of the Board with respect to reporting frequency, level of detail and recommendations for change are in place.

Classification as Reinsurance Contract

10 In order for an insurer to enjoy the capital relief arising from a reinsurance contract, the insurer should ensure that the terms and conditions of the contract provide that significant insurance risk relating to the reinsured portion of the underlying policies is being transferred to the assuming insurer. There should also be a reasonable possibility that the assuming insurer will realise a significant loss from the contract.

11 An insurer should not classify a contract as a reinsurance contract if such a classification will misrepresent or is designed to disguise, a material risk to the insurer's current or continuing profitability or capital position. There should not be any unconditional obligation on the part of the ceding insurer to indemnify the assuming insurer for any negative balances that may arise out of the contract or any separate agreement or understanding between the contracting parties that would serve to reduce, offset or eliminate the assuming insurer's obligations.

12 The contract should also not contain any unfair terms and conditions nor possess characteristics that may jeopardise the ability of the ceding insurer to meet its policy liabilities such

as giving the assuming insurer an option to unilaterally alter the terms and conditions of the contract or terminate the contract due to an increased likelihood of the assuming insurer experiencing losses under the contract.

13 Any contract classified as a reinsurance contract that qualifies for capital relief should not possess any of the following characteristics:

- the contract does not protect the ceding insurer from negative financial impacts arising from the underlying insurance business ceded;
- the amount of payments from the assuming insurer under the contract could be predetermined and is not contingent on the cash flows or the occurrence of an uncertain event in respect of the underlying insurance business ceded; and
- when a reinsured event or loss occurs, the assuming insurer is permitted under the contract to postpone the payment owing to the ceding insurer beyond the common quarterly or annual settlement cycle.

Assessment of Significant Insurance Risk Transfer

14 The assessment of the existence and extent of insurance risk transfer should be carried out in the context of the commercial substance of the contract or, where there are significant connections among a series of contracts, such contracts being evaluated as a whole, and should be judged with reference to the range of outcomes that could reasonably be expected to occur in practice. The assessment should take into consideration the contract wordings and all other agreements between the relevant parties, both written and verbal at the inception of the agreements which affect the reinsurance arrangements as well as any subsequent amendments or modifications. An insurer needs to assess the insurance risk transfer if the contract is modified after inception, and the modification significantly alters the expected future cash flows of that contract.

15 It is not required for a significant loss to occur during the course of the contract, as long as at inception, there exists a reasonable possibility of a significant loss to the assuming insurer based on the terms and conditions of the contract. If there are scenarios covered in the contract that can result in substantial loss for the assuming insurer, the condition of significant insurance risk transfer may be met even if the probability of the reinsured event happening is very low.

16 In some contracts, it may be obvious that significant insurance risk transfer exists even in the absence of any quantitative testing. In other cases, extent of insurance risk transfer has to be verified by appropriate tests to assess the streams of cash flows for various scenarios. For each reinsurance contract whereby the insurance risk transfer is not reasonably considered to be self-evident, documentation concerning the economic intent of the transaction and the insurance risk transfer analysis evidencing the proper accounting treatment shall be maintained by a licensed insurer in its capacity of either a ceding insurer or an assuming insurer (as the case may be). Such documentation should be available for review by the external auditor, the actuary as approved under Section 31 of the Act or MAS.

Effective Date and Transitional Provisions

- 17 This Notice shall take effect on 1 April 2011.
- 18 Notwithstanding paragraph 5, a licensed direct insurer need only lodge its first returns under this Notice by 30th June 2011.

[MAS Notice 114 (Amendment) 2013]

- 19 MAS Notice 114 dated 28 March 2002 is cancelled.

Notes on History of Amendments

- | 1. MAS Notice 114 (Amendment) 2013 with effect from 22 April 2013.

Instructions for completion of Table 1

Please provide the following information for total reinsurance premiums ceded for the immediately preceding accounting period. The total gross premiums should include both direct and inward reinsurance business (treaty and facultative) and is to be aggregated across all lines of businesses written in the SIF and the OIF, if applicable.

Table 1
Total Reinsurance Premiums Ceded In respect of General Business for
the Accounting Period ended 31 Dec YYYY

Total gross premiums (\$) (1)	Reinsurance premiums ceded (\$)			Retention ratio (%) (5) = [(1)-(4)]/(1)
	Treaty (2)	Facultative (3)	Total (4) = (2) + (3)	

Instructions for completion Tables 3a, 3b, 3c and 3d

- (a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.
- (b) If a treaty has different retention/deductible and limit for different types of risks, please provide a summary in the relevant columns of each table.
- (c) The reinsurance premiums under column 5 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

TABLE 3c(i)
Reinsurance Arrangements – Stop Loss Treaties in respect of General Business
In Force as at 1 June YYYY +1

Serial No. 1 to 5 Treaty Name _____

Type of Risks Covered	Type of trigger ¹ under treaty	Trigger Point	Treaty Limit	Reinsurance premiums payable (\$)	Inception date (DD/MM/YY)	Expiry date (DD/MM/YY)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Instructions for completion Tables 3a, 3b, 3c and 3d

- (a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.
- (b) If a treaty has different retention/deductible and limit for different types of risks, please provide a summary in the relevant columns of each table.

- (c) The reinsurance premiums under column 5 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

TABLE 3d(i)
Reinsurance Arrangements – XOL Treaties in respect of General Business
In Force as at 1 June YYYY +1

Serial No. 1 to 20 Treaty Name _____

Type of Risks Covered	Deductible under treaty	Treaty Limit ¹	No. of reinstatements	Minimum and Deposit premiums	Inception date	Expiry date
(1)	(\$)	(\$)	(4)	(\$)	(DD/MM/YY)	(DD/MM/YY)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Instructions for completion of Table 4

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance premiums ceded (column 3) in the immediately preceding accounting period.

Table 4
Exposure to Top 10 Reinsurers by Total Reinsurance Premiums Ceded In respect of General Business for the Accounting Period ended 31 Dec YYYY

Rank	Reinsurer ¹		Aggregate exposure to reinsurer by					
			Reinsurance premiums ceded (\$)			Sum insured/limit of liability (\$)		
	Licensed/Authorised	Unlicensed	Treaty	Facultative	Total	Treaty	Facultative	Total
			(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Total								

¹ If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch. If insurer has reinsurance arrangements with both the head office and a branch of a reinsurer, please regard them as 2 separate reinsurance counterparties and report the exposures to the head office and the branch separately.

Instructions for completion of Table 5

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance recoverables on paid and unpaid claims (column 1) as at end of the immediately preceding accounting period.

Table 5
Exposure to Top 10 Reinsurers by Total Reinsurance Recoverables In respect of General Business
as at 31 Dec YYYY

Rank	Reinsurer ¹		Total reinsurance recoverables (\$) (1) = (5) + (6)	Reinsurance recoverables on paid claims ² outstanding for: (\$)				Reinsurance recoverables on unpaid claims ³ (\$) (6)
	Licensed/Authorised	Unlicensed		Up to 1 year	Above 1 year but not exceeding 2 years	Above 2 years	Sub-total	
				(2)	(3)	(4)	(5) = (2)+(3)+(4)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Total								

¹ If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch. If insurer has reinsurance arrangements with both the head office and a branch of a reinsurer, please regard them as 2 separate reinsurance counterparties and report the exposures to the head office and the branch separately.

² Reinsurance recoverables on paid claims refers to any amount an insurer is entitled to recover, but has yet to do so, in respect of claims that have been paid by the insurer. Claims that an insurer is entitled to recover but has yet to recover from, and premiums owing to, a particular person with whom the insurer has a reinsurance arrangement shall be set off on an individual account basis, provided the insurer has the right of set off.

³ Reinsurance recoverables on unpaid claims refers to any amount an insurer is entitled to recover, but has yet to do so in respect of claims liabilities (excluding provision for incurred but not reported claims), outstanding claims and claims in the course of payment.

Instructions for completion of Table 1

Please provide the following information for total reinsurance premiums ceded for the immediately preceding accounting period. The total gross premiums should include both direct and inward reinsurance business (treaty and facultative).

Table 1
Total Reinsurance Premiums Ceded In respect of Life Business for the
Accounting Period ended 31 Dec YYYY

Type of Business ¹	Total gross premiums (\$) (1)	Reinsurance premiums ceded (\$)			Retention ratio (%) (5) = [(1)-(4)]/(1)
		Treaty (2)	Facultative (3)	Total (4) = (2) + (3)	

¹ Please specify :

Individual Life (this would cover mortality/morbidity/accidental risks)

Group Life (this would cover mortality/morbidity/accidental risks)

Individual Health

Group Health

Instructions for completion of Table 2

Please provide the following information for the immediately preceding accounting period.

**Table 2
Total Facultative Premiums Ceded and Net Retention In respect of Life Business for the
Accounting Period ended 31 Dec YYYY**

Type of business ¹ (1)	Total facultative premiums ceded (2) (\$)	No. of facultative contracts (3)	Highest net retention after treaty & fac ri (4) (\$)	Basis (please specify eg. per risk/event) (5)
Total				

¹ Please specify :
Individual Life (this would cover mortality/morbidity/accidental risks)
Group Life (this would cover mortality/morbidity/accidental risks)
Individual Health
Group Health

**TABLE 3a(ii)
Reinsurance Arrangements – Proportional Treaties in respect of Life Business
In Force as at 1 June YYYY+1**

Serial No. 1 to 20 Treaty Name _____

Name of reinsurer ³		Whether reinsurer is related ⁴ to cedant	Reinsurer's share (%)	Reinsurance broker(s)	Brokerage fee (%)	Date treaty is signed by reinsurer (DD/MM/YY)	Terminated for new business? ⁶	Are rates guaranteed? ⁷
Licensed/ Authorised	Unlicensed							
(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Reinsurer A		Yes/No	A's share				Yes/No	Yes/No
Reinsurer B		Yes/No	B's share					
Reinsurer C		Yes/No	C's share					
			Total share ⁵					

Comments

¹ Indicate whether quota share and/or surplus share on risk premium or original terms basis.
² This refers to the maximum sum assured/indemnity that can be covered automatically by the treaty for each type of risk. If there is any overall limits on the amount of business that can be accepted under the treaty (e.g. limit on total gross premium written), please elaborate under Remarks section. Please provide the limits for the existing cohort of risks.
³ If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch.
⁴ Related has the same meaning as in section 4 (1) of the Companies Act (Cap.50).
⁵ If "Total share" is less than 100%, please explain the reason of the treaty is not fully placed under the Remarks section.
⁶ Indicate whether the treaty is terminated for new business. If the treaty allows the cedant to recapture the existing inforce business when the treaty is terminated, please elaborate under remarks.
⁷ Indicate whether the reinsurance rates are guaranteed or subject to review by the reinsurer.

Instructions for completion of Tables 3a, 3b and 3c

- (a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.
- (b) If a treaty has different retention/deductible and limit for different types of risks, please provide a summary in the relevant columns of each table.
- (c) The reinsurance premiums under column 5 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

TABLE 3b(i)
Reinsurance Arrangements – Stop Loss Treaties in respect of Life Business
In Force as at 1 June YYYY+1

Serial No. 1 to 5 Treaty Name _____

Type of Risks Covered	Type of trigger ¹ under treaty	Trigger Point	Treaty Limit	Reinsurance premiums payable (\$)	Inception date (DD/MM/YY)	Expiry date (DD/MM/YY)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

TABLE 3b(ii)
Reinsurance Arrangements – Stop Loss Treaties in respect of Life Business In
Force as at 1 June YYYY+1

Serial No. 1 to 5 Treaty Name _____

Name of reinsurer ²		Whether reinsurer is related ³ to cedant	Reinsurer's share (%)	Reinsurance broker(s)	Brokerage fee (%)	Date treaty is signed by reinsurer (DD/MM/YY)
Licensed/ Authorised	Unlicensed					
(8)	(9)	(10)	(11)	(12)	(13)	(14)
Reinsurer A		Yes/No	A's share			
Reinsurer B		Yes/No	B's share			
Reinsurer C		Yes/No	C's share			
			Total share ⁴			

Comments

¹ If the stop loss treaty is triggered when the portfolio's incurred loss ratio exceeds 80% and treaty provides coverage up to 120% incurred loss ratio, please indicate "incurred loss ratio = incurred claims/earned premiums" under column 2 and "beyond 80%" and "up to 120%" under columns 3 & 4 respectively. If the treaty provides coverage for all losses beyond 80% incurred loss ratio, please indicate "unlimited" under column 4.

² If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch.

³ "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50).

⁴ If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

Instructions for completion of Tables 3a, 3b and 3c

- (a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.
- (b) If a treaty has different retention/deductible and limit for different types of risks, please provide a summary in the relevant columns of each table.
- (c) The reinsurance premiums under column 5 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

TABLE 3c(i) Reinsurance Arrangements – XOL Treaties in respect of Life Business In Force as at 1 June YYYY+1

Serial No. 1 to 20 Treaty Name _____

Type of Risks Covered	Trigger Point	Treaty Limit ¹ (\$)	No. of reinstatements	Minimum and Deposit premiums (\$)	Inception date (DD/MM/YY)	Expiry date (DD/MM/YY)
(1)	(2)	(3)	(4)	(5)	(6)	(7)

TABLE 3c(ii) Reinsurance Arrangements – XOL Treaties in respect of Life Business In Force as at 1 June YYYY+1

Serial No. 1 to 20 Treaty Name _____

Name of reinsurer ²		Whether reinsurer is related ³ to cedant	Reinsurer's share (%)	Reinsurance broker(s)	Brokerage fee (%)	Date treaty is signed by reinsurer (DD/MM/YY)
Licensed/ Authorised	Unlicensed					
(8)	(9)	(10)	(11)	(12)	(13)	(14)
Reinsurer A		Yes/No	A's share			
Reinsurer B		Yes/No	B's share			
Reinsurer C		Yes/No	C's share			
			Total share ⁴			

Comments

¹ Please provide information on individual layers of an XOL treaty. If the layer covers any loss excess of \$500k to \$2m (i.e. treaty coverage if \$1.5m), please indicate "\$500,000" and "\$2,000,000" under columns 2 and 3 respectively.

² If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch.

³ "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50).

⁴ If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

Instructions for completion of Table 4

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance premiums ceded (column 3) in the immediately preceding accounting period.

Table 4
Exposure to Top 10 Reinsurers by Total Reinsurance Premiums Ceded In respect of Life Business for the
Accounting Period ended 31 Dec
YYYY

Rank	Reinsurer ¹		Aggregate Exposure to Reinsurer by					
			Reinsurance premiums ceded (\$)			Sum insured/limit of liability (\$)		
	Licensed/Authorised	Unlicensed	Treaty	Facultative	Total	Treaty	Facultative	Total
			(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Total								

¹ If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch. If insurer has reinsurance arrangements with both the head office and a branch of a reinsurer, please regard them as 2 separate reinsurance counterparties and report the exposures to the head office and the branch separately.

Instructions for completion of Table 5

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance recoverables on paid and unpaid claims (column 1) as at end of the immediately preceding accounting period.

Table 5
Exposure to Top 10 Reinsurers by Total Reinsurance Recoverables In respect of Life Business as at 31 Dec YYYY

Rank	Reinsurer ¹		Total reinsurance recoverables (\$) (1) = (5) + (6)	Reinsurance recoverables on paid claims ² outstanding for: (\$)				Reinsurance recoverables on unpaid claims ³ (\$) (6)
	Licensed/ Authorised	Unlicensed		Up to 1 year	Above 1 year but Not exceeding 2 years	Above 2 years	Sub-total	
				(2)	(3)	(4)	(5) = (2)+(3)+(4)	
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
Total								

¹ If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch. If insurer has reinsurance arrangements with both the head office and a branch of a reinsurer, please regard them as 2 separate reinsurance counterparties and report the exposures to the head office and the branch separately.

² Reinsurance recoverables on paid claims refers to any amount an insurer is entitled to recover, but has yet to do so, in respect of claims that have been paid by the insurer. Claims that an insurer is entitled to recover but has yet to recover from, and premiums owing to, a particular person with whom the insurer has a reinsurance arrangement shall be set off on an individual account basis, provided the insurer has the right of set off.

³ Reinsurance recoverables on unpaid claims refers to any amount an insurer is entitled to recover, but has yet to do so in respect of claims which have been incurred and reported to the insurer, but have not been paid yet.