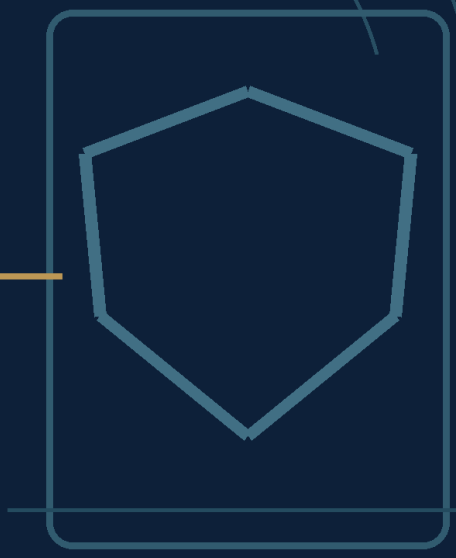
WISDOM LAW ASSOCIATES

LEGAL HANDBOOK SERIES / VOLUME VII

INSURANCE AND REINSURANCE LAW IN NEPAL



A Legal and Practical Handbook

Policy Coverage • Claims • Reinsurance
Insurance Regulation • Dispute Resolution

WISDOM LAW ASSOCIATES
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FOREWORD

Insurance is often treated as an administrative document acquired at the outset of a transaction. Its legal importance, however, becomes clear when a business suffers a loss, a worker is injured, a project is damaged, an insured person dies, or a claim is denied. At those moments the policy's definition of the insured risk, the persons protected, the property covered, exclusions, limits and procedural conditions may determine whether financial protection is available. Even a well-funded insurer cannot be required to pay an amount merely because a loss occurred; equally, an insurer cannot properly dispose of a valid claim by relying on an unexamined or inapplicable exclusion.

In Nepal, insurance law operates through legislation, regulation, supervisory instruments, policy contracts and general principles of legal responsibility. Life and non-life insurance present different questions. A life policy may turn on identity, beneficiary designation, status and proof of the insured event, whereas engineering insurance may require detailed evidence concerning material damage, cause, ownership, project operations and contractually allocated risk. Reinsurance adds a separate contractual layer through which insurers manage their own exposure. It does not ordinarily replace the insurer's direct obligations to its policyholder.

This volume is written for in-house counsel, insurers, reinsurers, insured businesses, contractors, project developers, lenders, advisers, legal practitioners and researchers. It examines the formation of insurance contracts, the protection granted by different products, the handling and challenge of claims, reinsurance, prudential supervision and exceptional losses. Original examples, issue-spotting matrices and checklists accompany the legal analysis. They are not forms of legal advice, prescribed regulatory forms or substitutes for reviewing an executed policy.

The central method of this handbook is to ask five questions in order: **Who is entitled to claim? What risk was insured? Did the insured event fall within the period and scope of cover? Were contractual and statutory conditions met? Which legal remedy applies if the claim is disputed?** The answers can rarely be supplied by an invoice, certificate or general statement that insurance exists. They require examination of the actual documents and the governing law.

HOW TO USE THIS HANDBOOK

Each chapter is a separately identified topic within an integrated publication. Readers considering a commercial loss should examine Chapters 3, 5, 6, 7 and 8 together; insurer and reinsurer counsel should also consult Chapters 9 to 12. Chapter 13 addresses disaster-related procedures as an exceptional context, not as an automatic modification of every policy in Nepal. Chapter 14 develops a unified decision framework. Appendices provide checklists suitable for adaptation by legal and risk teams.

Citation convention. Research sources are identified in brackets—for example, [S1]. The Source Directory at the end gives official websites and publication indexes. Where specific procedural deadlines, thresholds or technical requirements are material, the current operative instrument must be checked afresh rather than inferred from this explanatory text.

CHAPTER 1 — NATURE, FUNCTIONS AND LEGAL PRINCIPLES OF INSURANCE

1.1 Insurance as contractual risk transfer

Insurance is a contractual arrangement under which an insurer assumes a defined risk in return for consideration, subject to the terms of the policy and applicable law. It does not remove the underlying event or necessarily discharge a separate party from a statutory or contractual obligation. A contractor may still owe an employer remedial work; an employer may still have duties toward workers; and a business may still be responsible for third-party damage even if an insurance policy may fund some or all of the resulting financial exposure.

The starting point is the correct distinction between **risk**, **loss**, **liability** and **insurance cover**. Risk is the possibility of an event; loss is the actual adverse consequence; liability is a legal obligation to another person; cover is the insurer's promise, limited by the contract and law. The overlap among these concepts is often substantial but never automatic.

1.2 Main functions of insurance

Insurance supports financial resilience by pooling risks, converting uncertain potential losses into identifiable premium costs and allocating the economic consequences of specified events. In project finance, insurance may also protect lenders' security and support continuity of operations. In employment relationships, insurance may complement statutory protection without necessarily replacing it. In reinsurance markets, ceded risk helps insurers manage aggregation, catastrophe exposure and solvency constraints. [S1] [S2] [S4]

The existence of insurance does not guarantee that every foreseeable loss has been transferred. An insured may remain exposed through deductibles, excesses, sublimits, waiting periods, exclusions, insufficient sums insured, warranties or risks for which no policy was purchased.

1.3 Fundamental contractual concepts

Insurable interest concerns the insured's legally recognisable relationship to the subject matter or financial consequences of the insured event. **Disclosure and representations** concern the truth and completeness of material information provided in accordance with the governing law and policy structure. **Indemnity** describes many non-life covers intended to respond to an actual insured loss, within limits. **Subrogation** may allow an indemnifying insurer to pursue rights available through the insured, subject to applicable law and policy wording. **Contribution** may arise where more than one policy responds to the same insured interest and loss, again subject to the governing contracts and law.

These concepts should not be applied mechanically to every insurance product. Life insurance and certain personal accident benefits may provide an agreed sum upon a covered event rather than reimbursement of measured pecuniary loss. Reinsurance contracts can also use their own allocation provisions and claim-control mechanisms.

1.4 A practical framework

When examining a claim, identify the policyholder, the insured person or property, the beneficiary and any loss payee separately. Confirm the policy inception and expiry dates, location or territorial scope, limits, deductibles, endorsements, and whether premium conditions affect the legal position. Identify the precise insured event and compile a contemporaneous factual record. These initial steps prevent mistakes that later become procedural or evidentiary disputes.

Illustrative example. A contractor owns construction equipment, but a supplier owns the specialized attachment damaged in a flood. A policy describing only contractor-owned equipment cannot automatically be assumed to protect the supplier's separate property. The answer depends on the declarations, insured interest wording, contract requirements, applicable extensions and actual ownership and possession evidence.

CHAPTER 2 — LEGISLATIVE AND INSTITUTIONAL FRAMEWORK IN NEPAL

2.1 Principal legislation

The Insurance Act, 2079 (2022) establishes the central statutory framework for insurance business and supervision in Nepal. Nepal Insurance Authority (NIA) lists an edition of the Act incorporating its second amendment; the Insurance Regulations, 2081 (2025), form an important implementing instrument. The insurer's operations and the policyholder's position may also be affected by NIA directives, circulars and product-specific instruments. The applicable edition and date of commencement must be verified for any matter involving a specific event or policy period. [S1] [S2]

Insurance disputes may additionally engage the National Civil Code, 2074 and other relevant laws governing contracts, employment, companies, insolvency, taxation, banking, data protection or dispute resolution. Insurance cannot be analysed in isolation where the insured risk involves third-party obligations or a regulated activity. [S3]

2.2 Role of Nepal Insurance Authority

NIA is the statutory regulator of insurance activity. Its published legal materials cover legislation, regulations, licensing and conduct requirements, intermediary and surveyor rules, reinsurance, corporate governance, prudential supervision, solvency, investment, reporting and claims-related processes. Its published circulars and special procedures may have limited scope; the exact persons, policies and dates to which a notice applies should be established before reliance. [S1] [S2] [S4] [S5]

A regulatory directive concerning insurer conduct does not necessarily create an identical right in a policyholder under every category of policy. Where a rule prescribes a compliance standard for insurers, counsel should separately examine whether and how it affects policy interpretation, a private cause of action or an available regulatory complaint.

2.3 Hierarchy of sources

For research purposes, the recommended order is: first, the authoritative Act and current Rules; second, current legally effective directives and circulars; third, the executed policy and endorsements; fourth, relevant general contract and procedural law; and fifth, applicable judicial decisions or authoritative regulatory orders. Prior versions of statutes and directions remain relevant to events that arose while those provisions applied, and later changes should not automatically be treated as retrospective.

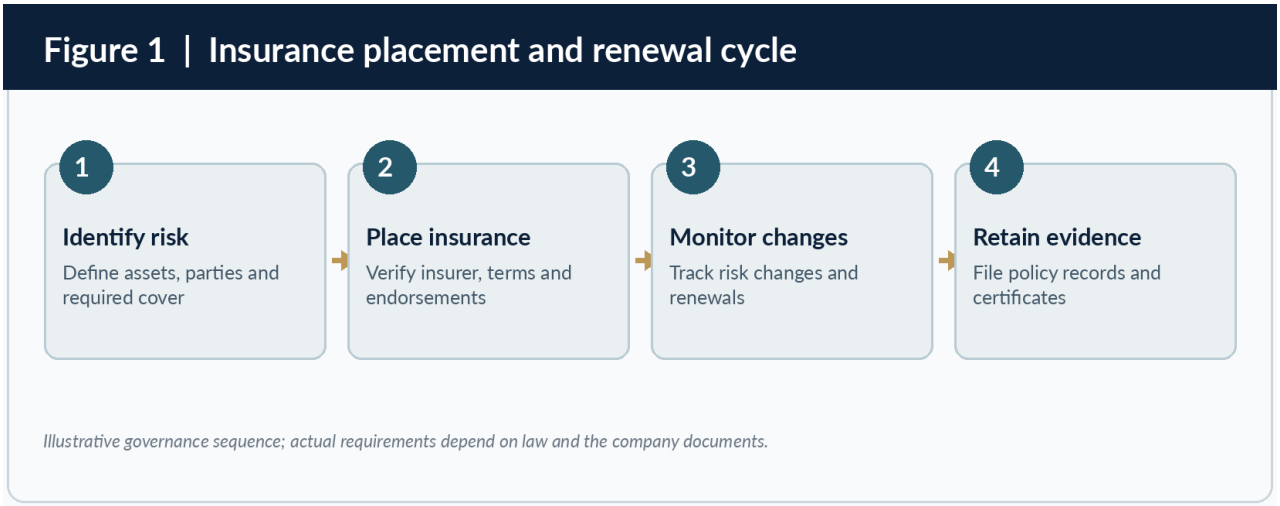
Policy brochures and insurer websites can assist readers in identifying a product but should never displace the signed policy schedule, wording and endorsements. An insurance certificate may be evidence of placement without containing all governing terms.

2.4 Regulatory developments to monitor in 2026

NIA's legal library records the Risk Based Capital and Solvency Directive, 2026; the Guidelines on the Implementation of NFRS 17 for Insurers, 2083; updated reinsurance instruments, including fourth and fifth amendments in August 2026; and claims-related directives and circulars. These developments concern distinct regulatory subjects. A risk-based capital requirement governs insurer resilience; an accounting implementation guideline concerns financial reporting; a reinsurance directive affects insurer risk cession; and an event-specific flood procedure may affect claims administration for specified losses. [S4] [S5] [S6]

Practical review. Record which instrument applies to which entity and period. Use a legal-version register noting the issuance date, commencement, amendments, regulated persons and effect on policyholders or claims. Do not assume that every document listed on an official website was applicable on the date a particular contract was signed.

CHAPTER 3 — FORMATION, INTERPRETATION AND ADMINISTRATION OF INSURANCE POLICIES



Illustrative process. Statutory and company-specific requirements govern.

3.1 Formation and evidence of agreement

A legal review of an insurance placement should reconstruct the transaction: proposal and disclosure, insurer quotation, acceptance, premium arrangements, policy schedule, standard wording, endorsements, renewals and correspondence. In corporate insurance, brokers and other intermediaries may transmit documents, but their involvement does not cure ambiguities in the final contractual record. Counsel should identify the insurer actually assuming the risk, not merely the broker arranging it.

The relevant policy components are often distributed across several documents. A later endorsement may amend the schedule; an extension can modify the insured property or territorial scope; and an exclusion can narrow a broad insuring clause. Interpretation must read the contract coherently and in the light of applicable law rather than selecting one favourable phrase out of context.

3.2 Persons and interests protected

The **policyholder** contracts with the insurer; an **insured** is the person or entity whose identified interest or risk is covered; a **beneficiary** may be entitled to a contractual benefit; and a **loss payee** may be designated to receive proceeds in specified circumstances. A mortgagee, bank, joint venture partner, employer, contractor or equipment owner may be named in different capacities. Those roles must be analysed separately, especially when the relevant business changes ownership or the project uses leased machinery.

A project policy purchased by one party should be tested against the full contractual insurance obligations: who is required to procure cover; who is to be named; what interests are insured; what deductibles apply; who receives proceeds; and whether waivers, cross-liability provisions, subrogation arrangements or cancellation notifications are required by the contract.

3.3 Disclosure, misrepresentation and changes of risk

The legal consequences of inaccurate proposal answers, non-disclosure, material changes to the risk and alleged breach of policy conditions depend on the operative law and wording. The insurer should identify the specific representation or condition relied upon and demonstrate the factual basis for its position. The insured should retain copies of proposals, supporting records, renewal communications and notices of material changes. A generic allegation of non-disclosure should not substitute for analysis of materiality and the applicable legal consequences.

Material alterations may include a change in use, storage location, hazardous activity, occupancy, project stage, ownership structure or insured property. The safe practice is to notify the insurer through the contractually agreed channel and obtain written acknowledgement or endorsement where required.

3.4 Exclusions, limitations and deductibles

Insuring clauses identify the covered risk; exclusions remove or restrict defined circumstances; conditions regulate matters such as notices, records, safeguards or claims cooperation; limits and sublimits restrict the amount payable. A deductible is not necessarily the same as a self-insured retention, excess attachment point or waiting period. Coverage analysis should distinguish these concepts and identify their operation against the particular loss.

In interpreting a disputed clause, counsel should identify the operative text, factual trigger, coverage period, causal questions, any competing provisions, and the effect of applicable Nepalese law. An insurer should not presume exclusion merely because a claim is expensive, and an insured should not assume cover solely because a policy bears a broad product name.

Illustrative example. A commercial warehouse policy lists a particular site and a specified category of stored goods. The insured relocates the goods to a temporary location without confirming coverage. A later fire at the temporary location requires examination of location extensions, transit or temporary-storage provisions, notifications and insurer endorsements. The original schedule alone does not resolve the question.

CHAPTER 4 — LIFE INSURANCE, PERSONAL ACCIDENT COVER AND BENEFICIARY RIGHTS

4.1 Contractual benefit and legal status

Life insurance commonly concerns a benefit payable on the occurrence of an insured event, subject to policy requirements and law. Personal accident products may provide specified benefits for death, disability or other defined consequences. The legal analysis should distinguish the insured person, policyholder, nominee or beneficiary, lawful claimant, and the person ultimately entitled to receive or retain proceeds. A nominated payee and a statutory successor may not always occupy the same legal position.

The first questions are whether the policy was in force, whether the event falls within cover, what documents establish identity and occurrence, and who may validly lodge or receive the claim. Where persons are missing or death has not been formally established, a special statutory mechanism, policy provision or event-specific regulatory direction may alter the necessary evidence. This should never be assumed without checking its actual scope. [S1] [S2] [S5]

4.2 Claims documentation and beneficiary disputes

Life and accident claims may involve policy records, death or disappearance evidence, identity documents, relationship proof, nomination records, employment records and any relevant administrative or judicial determination. Missing documents are not the same as nonexistent cover; insurers should examine their internal records and applicable regulatory directions. At the same time, a claimant's assertion of relationship does not settle a contested beneficiary issue where governing law requires additional proof.

Employers handling group cover should preserve enrolment information, certificates, premium records, nomination forms, relevant payroll evidence and communications with the insurer. Particular care is required where a beneficiary list may omit a spouse, child or other person asserting a legal interest. Counsel should seek documentary clarification rather than using an incomplete relationship certificate as a conclusive determination of substantive rights.

4.3 Insurance and employment liability are different

A group insurance payment may arise from the policy, while obligations concerning workplace injury, death, social security or statutory compensation can arise separately from labour legislation and the employment relationship. Whether benefits affect one another depends on the legal schemes and contractual arrangements. It is unsafe to assert that either payment automatically extinguishes every other claim or that all benefits necessarily accumulate without limitation. The analysis must identify each source of entitlement and any valid statutory set-off or coordination rule. [S3]

4.4 Life and micro-life insurance in exceptional disasters

In 2026 NIA published notices addressing simplified processing for certain flood-affected policyholders, including procedures involving lost documents and persons reported missing. Such measures should be described as event-specific directions whose eligibility, evidence standards and operative dates must be checked from the official instrument. They are not a standing legal presumption that a missing person is deceased in every insurance dispute. [S5] [S7]

Practical review. Confirm insured status; establish the claim event and policy date; distinguish nominee, beneficiary and lawful successor; preserve employer and insurer records; assess whether special evidence rules apply; and resolve competing claims through a legally appropriate process before irreversible distribution.

CHAPTER 5 — NON-LIFE INSURANCE: PROPERTY, MOTOR, MARINE AND BUSINESS RISKS

5.1 Identifying the insured peril and financial interest

Non-life insurance covers a broad range of property, liability and commercial risks. Product names such as fire, motor, marine, burglary, business interruption or all-risks insurance are shorthand, not a substitute for contractual analysis. The precise protection depends on insured property, perils, territorial limits, exclusions, deductibles, valuation and endorsements. In many non-life products the central question is the actual insured loss, as distinct from an agreed fixed benefit.

A property owner may insure a building while a tenant holds a separate interest in improvements, stock or business interruption. A lender may be named as loss payee; a transport operator may require goods-in-transit insurance rather than ordinary premises cover. The insured should maintain a schedule identifying the subject matter and every significant location, interest and applicable sum insured.

5.2 Property and business interruption

Property insurance should be examined for defined perils, machinery or electronic equipment extensions, replacement cost or market value basis, underinsurance provisions and salvage. Business interruption generally requires careful analysis of its insured trigger, indemnity period, projected revenue or gross profit, saved expenses and exclusions. A business experiencing lost revenue after an event is not automatically entitled to business interruption proceeds if the relevant prerequisite property damage or other policy trigger is absent.

The evaluation of an interruption claim requires historical accounts, forecasts, contracts, sales records, maintenance logs and mitigation evidence. Counsel should distinguish an ordinary business downturn from an interruption attributable to the insured event. A policy may also contain waiting periods or sublimits limiting recovery even where cover is established.

5.3 Motor and transport-related cover

Motor policies should be reviewed against compulsory and optional protection, vehicle identification, permitted use, authorised drivers, territorial scope, third-party obligations and exclusions. For transported goods, marine or cargo cover depends on voyage, conveyance, insured transit, warehousing and risks assumed under the sale or carriage contract. Commercial terms allocating risk of loss between seller and buyer do not automatically make either party an insured under a cargo policy.

In cross-border trade, compare the sales agreement, transport documents, invoice, packing list and insurance certificate. In construction logistics, transit cover may terminate at delivery while installation cover may not yet have attached. Gaps at these interfaces require particular attention.

5.4 Liability cover and defence obligations

General liability, professional indemnity, product liability or directors' and officers' insurance may respond to specified allegations or liabilities. The distinction between a policy triggered by an event occurring during the policy period and

one triggered by a claim first made during that period can be decisive. The relevant wording may prescribe notification of circumstances, cooperation in defence, consent to settlements and allocation of defence costs.

Insurance proceeds cannot by themselves establish whether the insured legally owes damages to a third party. Liability must be assessed under applicable law and contract; the policy then determines whether that liability and associated costs fall within cover. Insurers and insureds should not conclude a settlement affecting coverage without reviewing any consent conditions.

Illustrative example. A manufacturing plant is flooded, and the owner has property cover but no clearly identified business interruption section. The owner may have a property-damage claim while remaining exposed to lost sales. Before assuming both losses are insured, counsel should identify the exact policy sections and limits, then quantify the losses separately.

CHAPTER 6 — ENGINEERING INSURANCE AND LARGE INFRASTRUCTURE PROJECTS

6.1 Coverage architecture of a construction project

Engineering and construction projects often require multiple policies rather than one universal certificate. Common arrangements include Contractors' All Risks (CAR), Erection All Risks (EAR), third-party liability, plant and equipment, transit or marine cargo, professional indemnity, delay in start-up or advanced loss of profits, and other project-specific covers. These names describe broad categories; actual terms, insured parties and exceptions must be established from the executed policies and endorsements.

Project risks evolve from design and manufacture through transit, site possession, construction, testing, commissioning, handover, defects-notification periods and operation. Insurance that is suitable for one stage may cease or change at another. A contract's requirement to maintain insurance should be translated into a placement schedule identifying when each risk attaches and ends.

6.2 Contractual insurance obligations and policy reality

The construction contract may allocate procurement responsibilities among employer, contractor, subcontractor and supplier. It may require joint names, waiver of subrogation, specified deductibles, additional insureds, lender clauses or evidence of renewal. Contract drafting and policy placement should be reconciled line by line. Merely stating that a contractor will “maintain all necessary insurance” creates uncertainty about the insured interests, limits and claims process.

A named insured may hold rights not shared by another project participant. Conversely, a subcontractor may benefit from coverage under project-wide wording even without being the principal purchaser. Neither possibility should be presumed. Where project agreements and policies are inconsistent, the insurer's obligations ordinarily turn on the policy while contractual remedies between project participants may remain separately relevant.

6.3 Testing, commissioning and defects

Engineering risks may change materially during testing, hot commissioning, trial operations and handover. Policies may prescribe specific conditions or limitations for defects, faulty design, workmanship, machinery breakdown or consequential loss. These matters demand precise reading of the actual wording. Not all physical damage that follows defective work is necessarily excluded, and not every cost of correcting a defect is automatically insured.

A useful coverage review distinguishes the cost of remedying the defective component, resulting physical damage to other insured property, delay consequences and third-party losses. The causal and contractual analysis can differ for each category.

6.4 Plant, hired equipment and suppliers' interests

Construction equipment may be owned, hired, leased, borrowed, financed or supplied for temporary use. The legal interests of owner and user can differ. The insured schedule should identify whether hired-in plant, employees'

property, subcontractors' plant or equipment at temporary locations is included. Contracts should allocate the duty to insure and obligations to cooperate with claims or assign proceeds where lawful.

Illustrative example. Three hired wheel loaders are destroyed at a project site following an extreme weather event. The contractor's possession alone does not prove that it is the sole loss payee or that the owner's interest is covered. The file should include hire agreements, ownership evidence, equipment identification, the relevant policy and endorsement, insurer notices and an authorised proceeds arrangement if the policy and law permit it.

Practical review. For each project stage, match the risk to an appropriate policy; verify insured names and property; check commissioning and defects conditions; preserve machinery inventories; identify deductibles and claims control; and compare policy expiry with the construction and maintenance programme.

CHAPTER 7 — CLAIM NOTIFICATION, SURVEY, EVIDENCE AND LOSS ADJUSTMENT



Illustrative process. Statutory and company-specific requirements govern.

7.1 The first response to a possible insured event

A claim should begin with protection of life and property, safe mitigation and timely notice through the required policy channel. Evidence preservation follows alongside emergency response; safety obligations must not be deferred merely to document a loss. Insurers should be told what is known, what remains uncertain, and what immediate steps are required. Early notices should avoid unsupported admissions or definitive estimates that cannot yet be substantiated.

The relevant policy may establish separate obligations for immediate notification, submission of formal proofs, preservation of damaged property, cooperation with a surveyor and commencement of proceedings. Those are distinct requirements. Counsel should identify each actual deadline and prepare a deadline register rather than assume a universal claims period.

7.2 Surveyors and technical assessment

Loss adjustment may involve a licensed surveyor, engineer, accountant, specialist investigator, medical professional or other expert, depending on the product and event. NIA publishes specific instruments regulating insurance surveyors, including a 2083 directive. The role of a surveyor in assessing the amount and cause of damage should be distinguished from the ultimate legal interpretation of coverage and the insurer's contractual obligations. [S4]

A survey report is relevant evidence but should be examined for methodology, scope, assumptions and supporting documents. An insured may reasonably seek clarification of a valuation or coverage conclusion. A disagreement with a survey report, however, should be addressed through documentation and law rather than allegations unsupported by evidence.

7.3 Causation and quantification

A credible claim file establishes the event, the insured interest, the causal connection between event and damage, the applicable measure of loss, mitigation, salvage, deductibles and limits. Photographs are helpful but rarely sufficient alone for complex project losses. Use inventories, purchase records, asset registers, contractor reports, contemporaneous site records, accounting information, maintenance logs, third-party correspondence and inspection evidence.

The insurer may legitimately investigate whether the loss arose from an excluded cause, pre-existing defect, deterioration or an insured peril. The claimant should be given the opportunity to answer factual questions and provide relevant records. The legal consequence of concurrent causes depends on wording and law; avoid simplistic assertions that the presence of any excluded factor defeats every part of the claim.

7.4 Provisional payments and final settlement

Interim or advance payments may assist insureds facing severe liquidity pressure, but their availability depends on applicable rules, insurer approval and the precise terms. Any payment should be documented by a written statement identifying whether it is provisional or final, the claim to which it relates, the amounts already received and any reservation of rights. A release should not casually waive distinct claims for which the parties have not agreed consideration.

Illustrative example. A warehouse fire damages inventory and interrupts production. The insurer requests a stock ledger and survey. The insured produces photographs but cannot initially reconcile inventory quantities. The appropriate response is to reconstruct records through invoices, dispatch notes, audits and other evidence, distinguish confirmed loss from disputed items, and maintain a written record of all requests and responses.

Practical review. Notify promptly; protect safety and mitigate; preserve damaged property and records where safe; appoint an internal claim lead; keep a dated claim chronology; document survey inspections; reconcile quantification; and require clear written reasons for material adjustment or refusal.

CHAPTER 8 — COVERAGE DISPUTES, COMPLAINTS AND AVAILABLE REMEDIES

8.1 Common grounds of dispute

Insurance disagreements may involve alleged non-disclosure, premium status, policy interpretation, time or territorial limits, exclusion clauses, causation, quantum, evidence, benefit entitlement or the validity of a settlement. Each alleged ground should be separated into a specific legal question. A claim can be partly covered and partly excluded; a dispute concerning valuation is not necessarily a dispute concerning liability to indemnify.

Insurer correspondence should identify the contractual and legal basis for a refusal or reduction. The policyholder's response should address that basis with documents and reasoned interpretation, not simply repeat that the event was unexpected. Where the insurer relies on a condition precedent or exclusion, its wording and factual application are central to the dispute.

8.2 Internal reconsideration and regulatory complaint

The first step will often be a written request for reconsideration or clarification, supported by a structured claim file. The Insurance Act, 2079 establishes complaint-related provisions, including provisions addressing payment disputes and losses caused through conduct affecting insured parties. NIA is an important forum for complaints within the matters and procedures assigned to it. The exact jurisdiction, filing period and available orders must be checked against the operative statutory text and regulations. [S1] [S2]

A complaint should state the policy particulars, claim history, amount disputed, dates of insurer decisions, the relief requested and supporting documents. It should not conflate a claim for the policy sum with a separate claim for consequential damages or regulatory misconduct without establishing their distinct legal bases.

8.3 Appeal, court proceedings and arbitration

The Act provides for appellate or judicial mechanisms in specified insurance matters. Their availability and time limits cannot safely be inferred from a contractual clause alone. Where an arbitration clause appears in an insurance or reinsurance agreement, counsel should separately examine arbitrability, enforceability, the seat, procedural rules, and any statutory forum that applies. A policyholder should not be advised to commence ordinary litigation or arbitration without first determining the legally available route and any preconditions. [S1] [S3]

Dispute resolution clauses in complex corporate placements may differ from those in individual consumer policies. Reinsurance treaties may use foreign law and arbitration, while the underlying policyholder's complaint may remain governed by Nepalese law and local regulatory protections. These tracks must be kept separate.

8.4 Remedy and evidentiary approach

Relief may include payment of a covered claim, reconsideration of liability, correction of an adjustment, interest or compensation where legally available, or another appropriate order. Counsel must identify the precise legal source of each requested remedy. The measure of recovery is not automatically equal to the insured's entire business loss, the policy limit or the sum demanded by a third party.

Illustrative example. An insurer declines a machinery claim on the basis of a policy exclusion for specified wear-related damage, while the insured attributes the event to sudden external impact. The proper dispute analysis examines physical evidence, maintenance history, expert findings, wording and causation. A reasoned reconsideration should address those points before escalating to the competent forum.

Practical review. Obtain the full executed policy; prepare an issue-by-issue coverage matrix; request the insurer's reasons in writing; preserve appeal and limitation periods; identify the correct regulator, court or tribunal; and distinguish contractual indemnity from other remedies.

CHAPTER 9 — REINSURANCE: CONTRACTS, RISK CESSION AND CLAIMS

Figure 3 | Direct insurance and reinsurance



Illustrative process. Statutory and company-specific requirements govern.

9.1 Reinsurance distinguished from direct insurance

Reinsurance is an arrangement under which an insurer transfers or shares specified underwriting risk with a reinsurer. The insurer purchasing reinsurance is commonly called the ceding insurer. Reinsurance supports risk management and financial resilience, particularly where individual risks or an accumulation of losses could be substantial. Unless a legally effective arrangement creates a direct entitlement, the underlying policyholder's primary claim is against its direct insurer, not the reinsurer.

This distinction is essential when commercial claimants are told that payment must wait for foreign reinsurance recovery. The insurer's actual payment obligation to the insured must be determined by the direct policy and applicable law. The reinsurance contract may separately govern how and when the insurer obtains reimbursement.

Whether the reinsurance arrangement affects settlement administration requires examination of the relevant contracts and legal requirements. [S1] [S4]

9.2 Facultative and treaty arrangements

Facultative reinsurance generally concerns individual risks or placements offered for separate acceptance. **Treaty reinsurance** covers an agreed portfolio or category of business under specified terms. Financial structures may be proportional, where the parties share premiums and losses according to agreed percentages, or non-proportional, where the reinsurer responds above an agreed attachment threshold up to a defined limit.

The meaning of a reinsurance limit, aggregate, reinstatement, event definition and exclusion may differ materially from the direct policy. A catastrophic loss affecting many insured properties may implicate aggregation provisions under multiple treaties. Counsel should not infer reinsurer liability from the face value of the underlying insured losses without examining ceded shares, retention, layers and applicable wording.

9.3 Governing regulatory requirements

NIA publishes Reinsurance Directives, 2080 and subsequent amendments, including instruments listed as fourth and fifth amendments in August 2026. It also provides materials concerning foreign reinsurers and reinsurance intermediaries. The relevant restrictions, placement requirements, financial standards and reporting duties must be read as applicable on the date of the placement or renewal. A later amendment may not govern an earlier treaty unless its operative terms so provide. [S4] [S8]

The firm's legal review of cross-border reinsurance should identify licensing or eligibility status, applicable regulatory permissions, choice of law, claims handling, dispute resolution provisions, payment currency and any restrictions arising from foreign exchange or sanctions compliance.

9.4 Claims cooperation, control and follow-the-settlements provisions

Reinsurance documentation may regulate notification of large losses, consultation, cooperation, settlement authority, access to records and conditions for reinsurer participation. Terms sometimes described as claims cooperation, claims control or follow-the-settlements must be interpreted from the actual contract; these labels do not establish identical rights in all treaties.

Where there are parallel disputes, the direct insurer should manage the policyholder relationship and the reinsurance relationship coherently while maintaining legal distinctions. An admission made in one proceeding may affect evidence or contractual obligations in another; coordinated but independent legal analysis is therefore important.

9.5 Reinsurance disputes

Disputes may concern attachment, treaty allocation, underwriting information, cession reporting, aggregation, exclusions, settlement reasonableness, late notification or recoverability. Cross-border contracts may choose foreign governing law and arbitration. Counsel should verify whether the chosen forum and terms are enforceable and compatible with applicable Nepalese regulatory obligations.

Illustrative example. An insurer writes several hydropower engineering policies and then faces simultaneous flood claims. Its direct exposure is determined policy by policy. Its reinsurance recovery may depend on whether the claims qualify as one event or multiple events and how they fit retention and treaty layers. These are related financial questions but different contractual legal inquiries.

Practical review. Obtain the slip, treaty wording and endorsements; identify ceded shares and event definitions; compare direct and ceded risks; verify placement eligibility and reporting; track notice requirements; and preserve communications on coverage and settlement decisions.

CHAPTER 10 — INSURANCE INTERMEDIARIES, BROKERS AND SURVEYORS

10.1 Roles and responsibilities

Insurance distribution and claims assessment may involve agents, brokers, reinsurance brokers, surveyors and other service providers. Their authority, regulatory status, duties and remuneration arrangements can differ. An

intermediary may assist with arranging cover but may not automatically have authority to alter an insurer's binding obligations or receive valid claim notice on the insurer's behalf.

A regulated intermediary's role should be recorded in writing. For corporate procurement, the insured should know whether an adviser is acting as its broker, the insurer's agent or in another defined capacity. This matters for statements about policy suitability, disclosure, premium payment and post-loss communications. [S1] [S4]

10.2 Broker and agent due diligence

A corporate buyer of insurance should verify the intermediary's applicable authority, available product markets, treatment of conflicts, responsibility for explaining coverage, and process for transmitting endorsements and renewal notices. Internal risk teams should maintain copies of the placement instruction, quotes, recommendations, declarations, correspondence and final policy.

An insurance proposal that refers to “all risks” should be supplemented with a written comparison of important omissions, sublimits, exclusions and deductibles. Where a lender, contractor or supplier requires cover, the broker's statement of expected placement should be reconciled with the actual policy delivered.

10.3 Role and independence of surveyors

Surveyors assist in assessing the nature, cause and value of loss within the limits of the applicable legal and regulatory framework. NIA lists a Surveyor Directive, 2083 and claims-payment guidance. Surveyor qualifications and procedural requirements should be checked against the current official instruments. A surveyor's factual findings may be contested with substantiated counter-evidence; the ultimate question of legal entitlement remains one for the insurer and, if challenged, the competent dispute forum. [S4]

Survey processes are particularly significant for large engineering claims, where evidence may involve geology, mechanical failure, hydrology, engineering schedules, construction progress and equipment valuation. Experts should be given a defined scope and should distinguish observation, assumptions and professional opinion.

10.4 Compliance and accountability

Intermediaries and surveyors may be subject to conduct, disclosure, independence, recordkeeping and other regulatory obligations. Businesses should not rely on verbal assurances that a claim is covered or excluded. Material advice and coverage positions should be recorded in writing, with the relevant policy provisions identified.

Illustrative example. A broker assures an employer that its project-wide policy covers all subcontractor equipment, but the issued schedule does not identify hired or third-party plant. A later equipment loss should be analysed under the policy first. Separate questions may arise about the broker's representations and duties, but those questions do not automatically rewrite the insurer's contract.

Practical review. Verify intermediary role and authorisation; insist on written placement documents; check issued policy against instructions; preserve survey communications; verify technical qualifications; and distinguish the insurer's contract from any claim involving professional misconduct.

CHAPTER 11 — INSURER GOVERNANCE, SOLVENCY AND FINANCIAL REPORTING

11.1 Why prudential regulation matters

Insurance promises can remain outstanding for years, and severe losses may occur simultaneously. Prudential regulation seeks to ensure insurers hold appropriate financial resources, measure their liabilities and maintain systems of risk governance. A policyholder's confidence in the insurance market depends not only on coverage wording but also on an insurer's ability to meet valid obligations when they fall due.

Insurer governance encompasses board oversight, underwriting standards, reserves, investment policies, internal control, claims administration, related-party transactions, risk management and regulatory reporting. Different requirements may apply to life insurers, non-life insurers, reinsurers and microinsurers. [S1] [S4]

11.2 Risk-based capital and solvency

NIA lists the Risk Based Capital and Solvency Directive, 2026 as a current regulatory instrument. Its purpose is prudential, not to create an automatic guarantee for the payment of any particular disputed claim. Solvency assessments consider risk exposures, qualifying financial resources and regulatory capital measures. The quantitative formulas, transition provisions and scope must be taken from the operative directive rather than restated from earlier editions. [S6]

Insurer counsel should ensure that legal obligations under underwriting, claims, investments and reinsurance are reflected consistently in risk management and financial reporting. Risk concentrations, including catastrophe exposure and reinsurance counterparty credit risk, require coherent treatment.

11.3 Financial reporting and NFRS 17

The Authority's library includes Guidelines on the Implementation of Nepal Financial Reporting Standard on Insurance Contracts (NFRS 17) for Insurers, 2083. This concerns accounting treatment and implementation. It should not be confused with policy interpretation or the insurance claimant's contractual right. A change in reporting methodology does not, without a separate legal basis, amend the insured's agreed cover. [S4]

The legal team should coordinate with actuarial and finance personnel where a dispute involves reserves, liability recognition, reinsurance recoverables or financial-statement disclosures. Legal privilege and confidentiality should be considered when sharing sensitive case assessments within governance structures.

11.4 Governance of claims decisions

Good claims governance requires policies for segregation of duties, approval thresholds, surveyor appointment, quality control, reasons for rejection, complaints, fraud-risk review and consistent reserving. Decisions involving large amounts or conflicts should be subject to appropriate escalation and documented approval. A business need not waive a defensible coverage position to act fairly; fairness requires that the actual basis for the position be adequately investigated and communicated.

Illustrative example. An insurer experiences a sudden concentration of flood claims. In addition to evaluating each policy, management must assess portfolio aggregation, reserves, reinsurance notifications, liquidity, solvency and required regulatory reporting. A valid individual claim and the insurer's prudential challenges remain legally distinct.

CHAPTER 12 — DIGITAL INSURANCE, MICROINSURANCE, DATA AND COMPLIANCE

12.1 Digital insurance and electronic records

Electronic proposal, policy issuance, renewal, premium collection and claims submission have made record integrity and identity verification increasingly important. NIA publishes a Digital Insurance Policy Guideline and other relevant instruments. Digital processing does not remove the need for accurate policy terms, secure customer records and a reliable audit trail. The legal validity of electronic documents and signatures depends on applicable law and any sector-specific requirements. [S4]

Insurers and intermediaries should preserve time-stamped communications, consent and policy delivery records; maintain controls preventing unauthorised changes; and establish procedures for correcting errors. In a dispute, the system history may be as important as a printed certificate.

12.2 Microinsurance and access to protection

Microinsurance products are intended to address specified risks through arrangements appropriate to their intended market. The precise product, limit, distribution and regulatory requirements depend on the legal framework and NIA directions. The existence of microinsurance as a category does not make every property, enterprise or person eligible or covered. [S1] [S4]

For rural and small-business policyholders, clarity of exclusions, beneficiary identity and claims documentation may be particularly important. Simplified processes should still protect both legitimate claimants and the integrity of the insurance system.

12.3 Anti-money-laundering and targeted sanctions controls

Insurers and relevant intermediaries may have duties concerning customer due diligence, suspicious activity, records and targeted financial sanctions under the applicable legal framework. The Authority's library includes AML-related and targeted-sanctions directions issued or registered in 2082. Counsel should identify which duties apply to the relevant entity, insurance product and transaction. Claims-handling controls must be proportionate, legally grounded and respectful of lawful claimant interests. [S4]

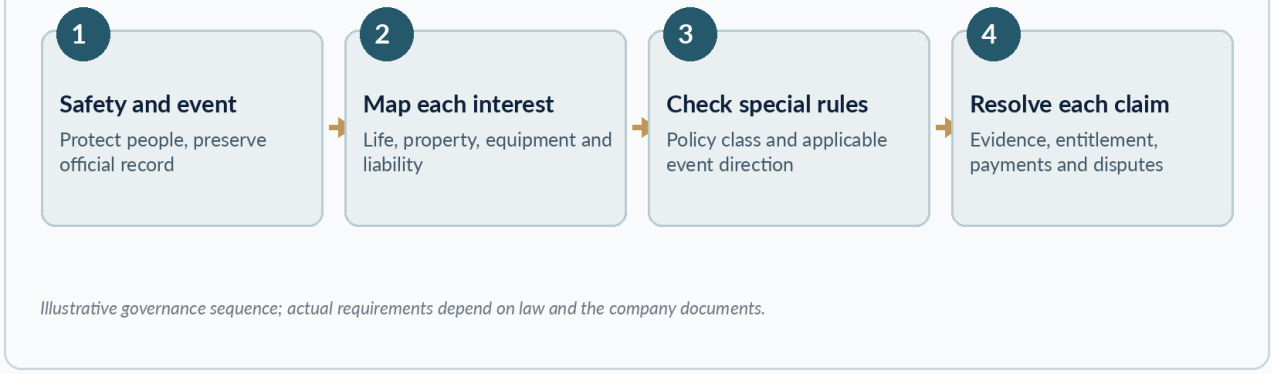
12.4 Privacy, cybersecurity and cross-border data

Insurance underwriting and claims often involve sensitive personal, medical, employment, financial and location information. A responsible claims file should collect necessary information, limit unnecessary dissemination, establish retention and access controls, and assess any lawful cross-border disclosure. Reinsurance reporting and overseas expert review may require additional attention to confidentiality and applicable information laws.

Practical review. Verify current digital-policy guidance; preserve immutable transaction histories; review identity and beneficiary verification; use risk-based compliance controls; document any cross-border data transfer; and keep claim files accessible only to authorised personnel.

CHAPTER 13 — CATASTROPHE LOSSES AND EVENT-SPECIFIC CLAIMS PROCEDURES

Figure 4 | Catastrophe claims coordination



Illustrative process. Statutory and company-specific requirements govern.

13.1 Distinguishing disaster loss from insurance entitlement

Floods, landslides, earthquakes and extreme weather can cause widespread losses across lives, property, infrastructure, equipment and commercial operations. Insurance may respond to some losses, but the event's scale does not itself answer whether a particular policy was in force, whether the risk was covered, or how a claim must be proved. An emergency may complicate access to records and sites; it does not necessarily eliminate statutory and policy requirements unless an applicable legal instrument changes them.

Legal review should separate four questions: the nature and cause of damage; the contractual cover; evidence and claims administration; and external liabilities such as employment or third-party obligations. A disaster may affect all four but does not make them interchangeable.

13.2 The 2083 Rasuwa flood-claims procedure

NIA lists a dedicated **Rasuwa Flood Claim Settlement Abbreviated Procedure, 2083**, posted in September 2026, and further claims-related circulars during the ensuing period. The existence of such instruments demonstrates that extraordinary situations may warrant adjusted documentation or assessment processes for defined claims. The precise class of eligible claimants, operative dates, evidentiary conditions, authority to make interim payments and insurer duties must be verified from the official instruments before a specific claim is processed. [S5] [S7]

This publication does not assume that every claim arising from a flood qualifies for a simplified route or that the relevant directions displace ordinary contractual analysis. Special arrangements for life, micro-life or non-life claims may differ. The practitioner must identify the exact instrument and policy category concerned.

13.3 Missing persons and evidentiary difficulties

A disaster may leave insured persons missing, records destroyed, assets inaccessible or ownership documents unavailable. For life and accident claims, legal questions concerning proof of death or disappearance, lawful successors and beneficiaries may arise. For property claims, reconstruction of evidence from insurer records, bank records, project documents, government reports and independent expert work may be appropriate where legally permitted.

An interim payment based on a special disaster procedure should be documented carefully, especially where its terms contemplate later verification or recovery if factual circumstances change. A loss settlement should not be confused with a government death declaration, probate determination or full discharge of an employer's separate legal obligations.

13.4 Coordinated disaster claim management

For major infrastructure projects, an effective response requires coordination among project management, insurers, brokers, owners, suppliers, employers, safety personnel, banks, adjusters and counsel. The evidence register should distinguish asset ownership, location, insurance status, claim number, survey status and any overlapping contractual claims. Claim teams should map which insurer and policy may respond to which loss; an aggregated event does not turn multiple legally distinct interests into one undifferentiated claim.

Illustrative example. A flood damages a bridge under construction, an owner's permanent equipment and a supplier's rented machinery while workers are reported missing. The correct file structure separates works damage, permanent plant, third-party equipment, employment and personal insurance claims. The claimant, policy, evidence and legal remedy may differ in each track.

Practical review. Secure safety and urgent services; obtain official event records; issue policy notices; preserve contract and asset records; identify any applicable temporary procedure; keep separate claim registers; address beneficiary issues through lawful verification; and track all provisional payments and reservations.

CHAPTER 14 — A PRACTICAL INSURANCE AND REINSURANCE RISK-MANAGEMENT SYSTEM



Illustrative process. Statutory and company-specific requirements govern.

14.1 Governance from placement to closure

Insurance risk management should be continuous. At purchase, the business identifies exposures, chooses cover and verifies policy documents. During operations, it monitors changes in risk, renewals and contractual obligations. When an event occurs, it notifies, mitigates, preserves evidence and quantifies the claim. During adjustment, it responds to inquiries and evaluates coverage. On closure, it documents payment, release, recovery rights and lessons learned. Treating these steps as a coordinated system reduces the chance of uninsured gaps and procedural disputes.

A company with multiple projects should maintain an insurance matrix showing each policy, insured entity, risk, property, limit, deductible, period, relevant endorsement, broker, insurer, renewal date, notice channel and claim status. Legal and risk teams should periodically compare the matrix with actual project agreements and asset registers.

14.2 Contract review before loss

The most useful legal review often occurs before a claim exists. Counsel should examine insurance provisions in employment contracts, supply agreements, construction contracts, finance documents, leases and joint ventures. It is important to decide who procures insurance, who pays the deductible, who bears uninsured loss, who controls claim settlement and who receives proceeds. A contractual obligation to insure should be accompanied by documentary evidence that adequate placement actually occurred.

For cross-border placements, confirm the insuring entity's status, reinsurance arrangements where relevant, currency and dispute clauses, and any restrictions on communicating or transferring funds. Reinsurance should not be used as a substitute for the direct insurer's contractual responsibility.

14.3 Claim-management protocol

An internal claim protocol should include an incident-notice channel, safety response, document-preservation direction, expert appointment authority, insurer communication log, financial quantification methodology and legal escalation triggers. The company should avoid unreviewed statements assigning blame while ensuring that legally required factual reports and notifications are made. Where a matter involves workers or vulnerable family members, beneficiary verification and fair handling are essential.

Each significant claim should have a dated decision record identifying what has been accepted, what is disputed, which documents remain outstanding, whether limitation periods are approaching and whether a regulatory complaint or other proceeding is necessary. This makes it easier for a new counsel or claim handler to understand the case without relying on informal recollection.

14.4 Claims closure and lessons learned

A settlement file should identify the insured item or event, amount paid, deductible, salvage, applicable subrogation or recourse, allocation among parties and the legal scope of any release. Confirm whether the settlement is final or provisional and whether any separate employment, contractual or third-party claim remains outstanding. A paid insurance claim is not, without a legal basis, a universal waiver of all losses and liabilities associated with the same event.

After closure, the company should analyse whether the policy contained unexpected exclusions, whether a third-party asset was omitted, whether premium or renewal information was incomplete, or whether evidence was unnecessarily difficult to retrieve. The findings should feed into the next procurement, renewal and contract-review cycle.

Final practice principle. In insurance law, strong outcomes depend less on generic assertions that an event is "covered" or "excluded" than on disciplined reconstruction of the operative policy, the insured interest, relevant facts, loss evidence and legal remedy.

APPENDIX A — POLICY PLACEMENT AND RENEWAL CHECKLIST

The following is an illustrative internal control tool. It is not a prescribed regulatory form and should be adapted to the relevant product, contract and insurer.

Review point	Principal question	Evidence to retain
Insurer and intermediary	Who is licensed or otherwise legally authorised for the arrangement?	Placement correspondence and licensing checks
Policyholder and insureds	Are all relevant persons and entities correctly named?	Schedule, endorsements, organisational structure
Insured interest	What property, liability or benefit is being insured?	Asset register, ownership and contract records
Policy term	When does cover begin, change and end?	Inception records, renewal and cancellation notices
Covered risk	What event triggers the policy and where?	Policy wording and territorial provisions
Exclusions and limits	What exclusions, sublimits, deductibles or waiting periods apply?	Clause review matrix
Contract alignment	Does placement satisfy the underlying commercial contract?	Contract-to-policy comparison
Claims procedure	Who gives notice and what records must be retained?	Claims contact sheet and response protocol
Lenders and third parties	Are loss payee or additional insured arrangements complete?	Endorsements and bank requirements
Reinsurance context	Do relevant corporate/reinsurer requirements affect placement?	Treaty and broker records where applicable

APPENDIX B — INSURANCE CLAIM INTAKE AND EVIDENCE REGISTER

Field	Information to capture
Claim reference	Internal claim ID and insurer reference
Event chronology	Date, location, sequence and immediate response
Policy details	Insurer, number, period, wording, schedule, endorsements
Parties and interest	Policyholder, insured, beneficiary or loss payee, asset owner
Insured item or liability	Identified property, person, incident or third-party allegation
Notification	Date, recipient, channel, acknowledgement and deadline
Evidence	Photographs, expert reports, invoices, contracts, inventories, official records
Quantification	Gross loss, salvage, mitigation, deductible, limits, net amount claimed

Expert and survey	Surveyor appointed, inspection dates, requests and reports
Disputed issues	Coverage, causation, valuation, documentation or beneficiary status
Payment history	Interim payments, final payments and reservations
Legal route	Reconsideration, regulator, court or arbitration as legally appropriate

Evidence discipline. Where documents were destroyed, record the cause of unavailability and identify reliable alternatives. Never alter the event chronology to match an anticipated policy position. A discrepancy should be investigated and documented rather than concealed.

APPENDIX C — CLAIM DISPUTE ISSUE MATRIX

Use one row per issue, and support each conclusion with the actual policy text and record.

Issue	Claimant's supporting material	Insurer's position	Legal assessment and next action
Insured identity	Policy schedule; ownership/beneficiary records	Any name or interest objection	Confirm persons protected and standing
Temporal cover	Policy dates; event record	Lapse, waiting period or cancellation	Verify timing, premium and notice provisions
Insured peril	Incident report; technical evidence	Exclusion or alternative cause	Apply actual wording to supported facts
Amount	Inventory, invoices, expert estimates	Depreciation, underinsurance or salvage	Reconcile valuation method and limits
Notice	Dated emails and acknowledgements	Late or defective notice	Check policy term and actual legal consequence
Remedy	Complaint and decision records	Forum or jurisdiction objection	Identify correct procedure and deadlines

APPENDIX D — REINSURANCE DUE DILIGENCE CHECKLIST

Reinsurance counsel should distinguish direct-policy questions from ceded-risk questions. Obtain executed treaty or facultative documentation, schedules, slips and endorsements; verify the reinsurer and broker's legal eligibility; establish attachment and expiry; identify retention, cession and aggregation; review exclusions and governing law; assess sanctions and foreign exchange compliance; check notice, claims cooperation and settlement-control language; and preserve the claim/recovery reconciliation. Where several treaties potentially respond, map the allocation independently for each layer.

A reinsurance recovery register should include policy year, treaty year, cession percentage, event, loss amount, retention, layer, reinsurer share, reporting dates, disputed recoveries and funds received. Reinsurance accounting treatment and contractual recoverability must be independently checked.

APPENDIX E — ILLUSTRATIVE INCIDENT NOTICE FRAMEWORK

Subject: Preliminary notice of occurrence potentially giving rise to an insurance claim — [policy identifier]

The policyholder gives preliminary notice of an incident reported to have occurred at [location] on [date and time], potentially affecting the insured interests described in the above policy. The event is presently understood to involve [brief verified description]. Immediate steps have been taken to protect persons and mitigate further loss. The full cause and extent of damage remain under assessment.

The policyholder requests written acknowledgement of this notification, identification of the applicable claims reference and confirmation of any immediate policy-specific requirements concerning inspection, evidence

preservation and further submission. Supporting records and revised estimates will be provided as they become available, subject to applicable confidentiality and legal obligations.

This notice is provided without admission concerning causation, coverage, liability, valuation or the responsibility of any party, and without prejudice to rights and obligations arising under applicable law and the policy. These reservations do not override any statutory or contractual duty of candour, cooperation or timely disclosure.

Use note. This is an illustrative outline, not a universal insurance form. Adapt it to the actual policy, facts and governing notice provisions. Do not include bracketed drafting instructions in a notice sent to an insurer.

APPENDIX F — GLOSSARY OF SELECTED INSURANCE TERMS

Additional insured: A person or entity brought within defined policy protection by the applicable contract wording.

Aggregate limit: A maximum amount payable for the identified group or period of claims.

Beneficiary: A person entitled to a specified insurance benefit under the governing arrangement and law.

Ceding insurer: An insurer transferring a portion of insured risk to a reinsurer.

Claims-made cover: Coverage whose trigger relates to a claim being made within the specified period and subject to policy terms.

Deductible: The portion of covered loss borne by the insured according to the policy.

Endorsement: A document varying, extending or clarifying an insurance contract.

Facultative reinsurance: Reinsurance negotiated for an individually identified risk.

Indemnity: Payment or other performance compensating an insured loss within the legal and contractual framework.

Insurable interest: A legally relevant interest in the subject matter or financial consequences of the insured event.

Loss payee: A person designated to receive specified insurance proceeds, subject to policy terms.

Reinstatement: Replacement, repair, restoration or renewal of cover, according to the applicable wording.

Retention: Risk or loss amount retained by an insurer, ceding insurer or insured as the contract specifies.

Reinsurance treaty: An arrangement covering an identified class or portfolio of risks.

Subrogation: Rights an insurer may acquire or exercise following indemnification under applicable law and policy terms.

Sum insured: The amount identified as an insurance limit or basis of calculation, subject to its wording and context.

Surveyor: A regulated specialist involved in evaluating losses or damage within the assigned professional scope.

Underinsurance: A situation in which insurance value is lower than the relevant insurable value, with consequences depending on the policy and law.

PRIMARY SOURCES AND RESEARCH REFERENCES

[S1] Nepal Insurance Authority, **Insurance Act, 2079 (2022), including listed second-amendment edition**. Official legislation index: https://nia.gov.np/law/insurance-act (consulted 5 November 2026).

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[S3] Nepal Law Commission, **National Civil Code, 2074 (2017)**, and relevant contract and statutory frameworks. Official portal: https://lawcommission.gov.np/ (consulted 5 November 2026). For labour-related duties, verify the Labour Act, 2074 and contribution-based social security legislation from the current official texts.

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[S7] Nepal Insurance Authority, **Rasuwa Flood Claim Settlement Abbreviated Procedure, 2083** and relevant claims simplification notices. Available from the official directives and circulars indexes at https://nia.gov.np/law/directive and https://nia.gov.np/law/circular (consulted 5 November 2026).

[S8] Nepal Insurance Authority, **Reinsurance Directives, 2080 and amendments**, including fourth and fifth amendments listed in August 2026; plus relevant foreign reinsurer and broker enrolment guidelines. Official directive index: https://nia.gov.np/law/directive (consulted 5 November 2026).

Research method. These links identify primary institutional source collections. When preparing a legal opinion, claim petition or complaint, counsel should obtain the precise version of each operative statutory or regulatory instrument and independently check section numbers, definitions, effective dates, transitional provisions and amendment history. This handbook deliberately avoids reproducing lengthy proprietary policy wording and does not present unverified judicial case citations as legal authority.

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