4D Training

# Introduction to Reinsurance

## Who would benefit?

This interactive workshop provides an excellent introduction to reinsurance covering both its terminology and operation within the context of the business. The content has been designed for those who are new to insurance or reinsurance and those who have worked in the insurance industry in non-insurance roles (for example, finance and accounting, administration, IT and so on) and who would benefit from a broad understanding of this subject.

## Objective

Attendees will be able to:

- Explain the purpose of reinsurance, why insurers purchase it and why it is needed
- Define key terms, expressions and abbreviations commonly used in reinsurance
- Describe, in overview, the contractual relationship of the parties
- Name the main types of reinsurances and recognise how they protect a portfolio
- List the key features, benefits and disadvantages of facultative reinsurance and the relationships with treaties
- Calculate cessions, ceded premiums and claims recoveries.
- Recognise the key features, benefits and disadvantages of surplus treaties, excess of loss treaties, working, catastrophe and aggregate layers.

## Content

- **Why do insurers reinsure?**
  We will outline what reinsurance is and why it is important. We will consider how both the frequency and severity of loss may negatively affect an insurer's portfolio of business and how the mechanism of reinsurance may protect that portfolio.

- **The reinsurance market**
  Here we will provide an overview of the market place and examine how reinsurance operates (proportional v non-proportional). We will examine the role of major players in the market: buyers, sellers and intermediaries – including, in overview, retrocessional business.

- **The development of reinsurance tools and their use within the insurance market**
  We will outline the development and use of the different methods and types of reinsurance - including facultative and treaty reinsurance.

- **How the reinsurance process works**
  Here we will provide an overview of reinsurance together with how the different methods of reinsurance may be utilised. The use of appropriate terminology will be applied together with an examination of the application (advantages and disadvantages) of the different methods of reinsurance. We will look at the contractual relationship of the parties from direct insured, insurer and reinsurer to retro-cessionaire.

- **A closer look at types of reinsurance**
  Here we will examine some of basic reinsurance mechanisms and show how these apply in the real world. We will define and examine some important differences between Short and Long Tail businesses. We will see how insurers use reinsurance as part of a tactical process to protect their portfolios across the classes by considering treaties; quota share, surplus, excess of loss, aggregate excess of loss, catastrophe excess of loss and stop loss.

## Duration

One day