



DISCUSSION ON REINSURANCE

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EVOLVING ROLE OF REINSURANCE:

○ Traditional role:

- Restricted to specific line in specific form
- Transferring risk beyond feasible retention levels
- Province of underwriting and risk management functions

○ Evolving role:

- Integral part of financial planning and management
- Capital management tool



TABLE 8.1(NEW ADDITION)

S.No.	Name of Reinsurance Treaty	Name of the Re-insurer	Type of Treaty	Rating of the Reinsurer *		
				Agency 1 (Specify)	Agency 2 (Specify)	Agency 3 (Specify)

* Reinsurers rating by three major rating agencies



TABLE 8.2(NEW EDITION)

LoB	Retention Ratio
Fire	
...	
...	
...	

LOB as per LOB table



TABLE 8.3(INWARD REINSURANCE)

LOB	Reinsurance premium received	Any other payment received from ceding company, please specify	Expense s for inward reinsurance	Commis sion paid	Any other payment paid to ceding company, please specify	Reinsurance claim amount as at 31 st March		Balance (1+2-3-4-5-6-7)	Whether Retroceded; Retention Ratio
						Paid (6)	Outstandi ng (7)		
	(1)	(2)	(3)	(4)	(5)				
Fire									
...									
...									

LOB as per LOB table



TABLE 8.4(OUTWARD REINSURANCE)

LOB	Reinsurance premium paid	Any other payment paid to reinsurer, please specify	Expense for outward reinsurance	Commission received from the reinsurer	Any other payment received from reinsurers, please specify	Reinsurance claim amount as at 31 st March		Balance (4+5+6+7-1-2-3)
	(1)	(2)	(3)	(4)	(5)	Received (6)	Outstanding (7)	
Fire								
...								
....								
...								
...								
LOB as per LOB table								



AN EXAMPLE(TO HIGHLIGHT UNCERTAINTIES W/O REINSURANCE):

<u>Statistics:(Amounts in 000 INR)</u>	
Product Type	Hospital Cash
Term(in years)	3
Channel Considered	Digital
Client Base(Leads received/generated)	150,000
Response/Conversion Rate	4%
No. of policies expected to be sold	6,000
Average Premium	10
Total Expected Premium	60,000
Annual Earned Premium	20,000
Claims Rate	70%
Commission	15%
Marketing Cost	10,000
Lapse rate	20%

