

NAME OF SUBJECT	REINSURANCE	
LEARNING & SKILL OUTCOMES	OBJECTIVES	
Appraise and understand the purpose of and parties to reinsurance and the fundamental issues of reinsurance	<ul style="list-style-type: none"> • Appraise the purpose of reinsurance. • Differentiate the principles of insurance as applicable to reinsurance contract and the intricate issues in reinsurance 	
Appraise the features and operation of facultative reinsurance and the features and operation of proportional reinsurance treaties	<ul style="list-style-type: none"> • Appraise the features and practical application and operation of facultative reinsurance – proportional and non proportional • Appraise the features and practical application and operation of proportional reinsurance treaty 	
Document and understand the features and operation of non-proportional reinsurance treaties	<ul style="list-style-type: none"> • Document the features and practical application and operation of non proportional reinsurance treaty 	
Illustrate and understand the design of reinsurance programmes, main market practices, legal issues and the main aspects of the global reinsurance market	<ul style="list-style-type: none"> • Document the principles in the design of reinsurance programmes and market practices. • Illustrate the regional and global reinsurance market • Appraise the effect of the risk base capital on reinsurance contract. • Analyse the collection of data (statistics) and interpretation of the data and using the data in the design of a reinsurance programme 	
Appraise and understand the accounting methods for different types of reinsurance	<ul style="list-style-type: none"> • Appraise the accounting methods for different type of reinsurance 	
Document and understand main aspects of property, casualty, marine and aviation reinsurances and the main aspects of the life and medical reinsurance	<ul style="list-style-type: none"> • Document the main aspects of property, casualty, marine and aviation reinsurance and the main aspects of the life and medical reinsurance 	
CONTENT OUTLINE		
<p>THE PURPOSE OF AND PARTIES TO REINSURANCE</p> <ul style="list-style-type: none"> • Introduction to reinsurance and terminology • The purpose of reinsurance: <ul style="list-style-type: none"> •Spreading risk •Capacity •Financial security •Capital management • Different purchasers and providers of reinsurance • The contractual relationship between the parties • The role of the retrocedant and retrocessionaire • The role of the brokers/intermediary in the reinsurance process • Introduction to retakaful 		
<p>THE FUNDAMENTAL ISSUES OF REINSURANCE</p> <ul style="list-style-type: none"> • Main reinsurance methods in outline: <ul style="list-style-type: none"> •Their uses •Advantages 		

- Disadvantages
- Definitions of premium income used and how these are adjusted
- Common clauses and their operation, cancellation, arbitration
- Retrocession: how the various methods of reinsurance apply to retrocession
- Alternative risk transfer products in outline:
 - Advantages in comparison to conventional reinsurance
 - Disadvantages in comparison to conventional reinsurance

THE FEATURES AND OPERATION OF FACULTATIVE REINSURANCE

- The main features and operation of different methods of facultative reinsurance
- The different premium and claim calculations for :
 - Proportional loss reinsurance
 - Excess loss reinsurance

THE FEATURES AND OPERATION OF PROPORTIONAL REINSURANCE TREATIES

- The main features and operation of the following proportional treaties:
 - Quota share
 - Surplus
 - Facultative obligatory
- Alternative bases of cover, including underwriting year and portfolio transfer (clean cut)
- Ceding commissions:
 - Flat rate
 - Sliding
- Profit commissions:
 - No loss carry forward
 - Loss carry forward
 - Average basis
- The use of premium and claims reserves
- The use of cession and event limits in proportional treaties
- The use of loss participation clauses in proportional treaties

THE FEATURES AND OPERATION OF NON-PROPORTIONAL REINSURANCE TREATIES

- The main features and operation of the following non-proportional treaties, including calculation of premium and claims:
 - Excess of loss
 - Stop loss
 - Aggregate excess of loss
- The bases of cover:
 - Risk attaching
 - Losses occurring
 - Claims made/losses discovered
- The use of risk excess, including working covers and application to any one risk
- The use of catastrophe excess of loss, including application to any one event
- The difference between risk excess and catastrophe excess
- Event limits and their use in non-proportional treaties
- Reinstatements and their use in non-proportional treaties

THE DESIGN OF REINSURANCE PROGRAMMES, MAIN MARKET PRACTICES AND LEGAL ISSUES

- Design, selection and placing of reinsurance
 - The process of designing reinsurance programmes for various classes, including programmes of more than one class
 - Combination of proportional and non-proportional treaties including gross line surplus retention protected by risk excess of loss
 - Selection considerations
 - Portfolio statistics
 - Cover comparison
 - Loss allocation
 - Pricing of reinsurance

- Material information in the placing process and the importance of reciprocity
- The impact of electronic placing on reinsurance markets
- Main practices in the reinsurance market
 - Loss allocation
 - Markets with self imposed compulsory and Voluntary cession and sharing of risk among Local Insurer
 - Compulsory and voluntary cession
 - Government role in reducing the outflow of Premium
- Legal issues
 - The formation of a reinsurance contract
 - Interpreting contractual documents:
 - Key issues
 - Reinsurance case law
 - Importance of choice of law, jurisdiction and forum
- Contract wordings
 - The main features of facultative and treaty wordings
 - Key clauses used in proportional and non-proportional wordings
 - The importance of treaty exclusions – both general and market specific

THE MAIN ASPECTS OF THE GLOBAL REINSURANCE MARKET

- Main features of the principal global markets:
 - London markets
 - Other European markets
 - North America markets
 - Bermuda markets
 - Asia markets
 - Middle East markets
 - Other major accepting markets
- Market characteristics:
 - Captives
 - Retrocession markets
 - Capital market solutions
 - Terrorism markets
- Characteristics of hard and soft markets – the market cycle
- Security of reinsurance – the role of rating agencies

THE ACCOUNTING METHODS FOR DIFFERENT TYPES OF REINSURANCE

- Facultative and proportional reinsurance
 - Accounting methods, including
 - Calculation of commissions
 - Profit commission
 - Release of reserves
 - Common methods of calculating earned and unearned premiums
- Non-proportional reinsurance
 - Accounting methods including
 - Deposit or minimum and deposit premiums
 - Adjustment premiums
 - Burning cost
 - Reinstatement
 - Financial considerations:
 - Reserve deposits
 - Payment of interest
 - Alternatives to cash deposits
- General
 - Operation of discounts and deductions, including taxes and brokerage

THE MAIN ASPECTS OF PROPERTY, CASUALTY, MARINE AND AVIATION REINSURANCES

- Property
 - Main underwriting characteristics, including principles of rating
 - Different reinsurance methods applied to property reinsurance

- Main terms and conditions specific to property reinsurance:
 - Hours clause
 - Estimated maximum loss
 - Accumulation
 - Loss event definition
 - Cession
 - Event limitation
- Casualty
 - Main underwriting characteristics, including
 - Principles of rating
 - Long tail features
 - IBNR
 - Claims inflation
 - Occupational disease risks
 - Product liability
 - Professional indemnity
 - North American exposures
 - Different reinsurance methods applied to casualty reinsurance
 - Main terms and conditions specific to casualty reinsurance:
 - Key clauses in motor
 - Liability
 - Professional indemnity
 - Worker's compensation
 - Trade credit and political risks
 - Surety
 - Definition of loss event in casualty excess of loss cover
- Marine
 - Main underwriting characteristics, including principles of rating and treatment of war risks
 - Different reinsurance methods applied to marine reinsurance
 - Main terms and conditions specific to marine reinsurance:
 - Marexel form & clauses additional to it
 - Accumulation on interests war and strikes cover, terms and conditions specific to hull, cargo and energy
- Aviation
 - Main underwriting characteristics, including principles of rating
 - Different reinsurance methods applied to aviation reinsurance
 - Main terms and conditions specific to aviation reinsurance:
 - War
 - Hi-jacking
 - Terrorist risks
 - Aviation liabilities

LIFE AND MEDICAL REASSURANCE

- Main underwriting characteristics, including principles of rating
- Different reinsurance methods applied to :
 - Life reinsurance
 - Medical reinsurance
- Main terms and conditions specific to :
 - Life reinsurance
 - Medical reinsurance