RAA

REINSURANCE ASSOCIATION OF AMERICA

Fundamentals

Of Property Casualty Reinsurance

With A Glossary
Of Reinsurance Terms

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REINSURANCE ASSOCIATION OF AMERICA

Each year, the Reinsurance Association of America (RAA) receives countless inquiries regarding the mechanisms and technicalities of the reinsurance business. This publication should answer many of those questions.

First published in 1972, this booklet reflects the efforts and input of several of the most experienced reinsurance terminology experts in the industry. It is only through their efforts that we are able to produce such a complete and accurate publication, and we thank them for their time, patience and willingness to contribute.

As in the case of previous editions, the RAA is publishing this booklet in the belief that it will be both an informative educational tool and a convenient reference for practitioners. While we have attempted to ensure that definitions reflect current industry practices, we do not suggest that it be considered authoritative for the resolution of legal disputes.

Franklin W. Nutter
President, Reinsurance Association of America

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INTRODUCTION TO PROPERTY AND CASUALTY REINSURANCE

Reinsurance is a transaction in which one insurance company indemnifies, for a premium, another insurance company against all or part of the loss that it may sustain under its policy or policies of insurance. The insurance company purchasing reinsurance is known as the ceding insurer; the company selling reinsurance is known as the assuming insurer, or, more simply, the reinsurer. Described as the "insurance of insurance companies," reinsurance provides reimbursement to the ceding insurer for losses covered by the reinsurance agreement. The fundamental objective of insurance, to spread the risk so that no single entity finds itself saddled with a financial burden beyond its ability to pay, is enhanced by reinsurance.

Although to many reinsurance is an unknown aspect of the insurance industry, its roots can be traced as far back as the late 14th century. Since that time, reinsurance has evolved into the business it is today. While the early focus of reinsurance was in the lines of marine and fire insurance, it has expanded during the last century to encompass virtually every aspect of the modern insurance market.

Reinsurance can be purchased from three distinct sources: reinsurance companies located in the United States, reinsurance departments of U.S. primary insurance companies, and alien reinsurers that are located outside the U.S. and not licensed here. The ceding insurer may purchase reinsurance directly from a reinsurer or through a broker or reinsurance intermediary.

Reinsurance may be written on either a proportional basis or excess of loss basis. A reinsurance contract written on a proportional basis simply prorates all premiums, losses and expenses between the insurer and the reinsurer on a pre-arranged basis. The proportional approach is used extensively in property reinsurance. Excess of loss contracts, on the other hand, require the primary insurer to keep all losses up to a predetermined level of retention, and the reinsurer to reimburse the company for any losses above that level of retention, up to the limits of the reinsurance contract. In simplest terms, a retention is analogous to the deductible a policyholder may have on a personal insurance policy, such as an automobile or homeowner's policy.

PURPOSES OF REINSURANCE

Insurers purchase reinsurance for essentially four reasons: (1) to limit liability on specific risks; (2) to stabilize loss experience; (3) to protect against catastrophes; and (4) to increase capacity. Depending on the ceding company's goals, different types of reinsurance contracts are available to bring about the desired result.

1. Limiting Liability: By providing a mechanism through which insurers limit their loss exposure to levels commensurate with their net assets, reinsurance enables insurance companies to offer coverage limits considerably higher than they could otherwise provide. This function of reinsurance is crucial because it allows all companies, large and small, to offer coverage limits to meet their policyholders' needs. In this manner, reinsurance provides an avenue for small-to-medium size companies to compete with industry giants.

In calculating an appropriate level of reinsurance, a company takes into account the amount of its own available surplus, and determines its level of retention based on the amount of loss it can absorb financially. Surplus, sometimes referred to as policyholders' surplus, is the amount by which the assets of an insurer exceed its liabilities.

A company's retention may range anywhere from a few thousand dollars to one million dollars or more. The loss exposure above the retention, up to the policy limits of the reinsurance contract, is indemnified by the reinsurer. In this manner, reinsurance helps to stabilize loss experience on individual risks, as well as on accumulated losses under many policies occurring during a specified period.

2. Stabilization: Insurers often seek to reduce the wide swings in profit and loss margins inherent to the insurance business. These fluctuations result, in part, from the unique nature of insurance, which involves pricing a product whose actual cost will not be known until sometime in the future. Through reinsurance, insurers can reduce these fluctuations in loss experience, and stabilize the company's overall operating results.

3. Catastrophe Protection: Reinsurance provides protection against catastrophic loss in much the same way it helps stabilize an insurer's loss experience. Insurers use reinsurance to protect against catastrophes in two ways. First, reinsurance protects against catastrophic financial loss resulting from a single event, such as the total fire loss of a large manufacturing plant. Second, reinsurance also protects against the aggregation of many smaller claims resulting from a single event, such as an earthquake or major hurricane, that affects many policyholders simultaneously. While the insurer is able to cover losses individually, the aggregate may be more than the insurer wishes to retain.

Through the careful use of reinsurance, the disruptive effects that catastrophes have on an insurer's loss experience can be reduced dramatically. The decisions a company makes when purchasing catastrophe coverage (e.g., size of retention and coverage limits) are unique to each individual company and vary widely, depending on the insured risk.

4. Increased Capacity: Capacity measures the dollar amount of risk an insurer can prudently assume based on its surplus and the nature of the business written.

When an insurance company issues a policy, the expenses associated with issuing that policy, such as taxes, agent commissions, and administrative expenses, are charged immediately against the company's income, resulting in a decrease in surplus. Meanwhile, the premium collected must be set aside in an unearned premium reserve to be recognized as income over a period of time. This accounting procedure allows for strong solvency regulation; however, it ultimately leads to decreased capacity. As an insurance company sells more policies, it must pay more expenses from its surplus. Therefore, the company's ability to write additional business is reduced.

Rapidly expanding companies are particularly susceptible to the timing problem between expenses that must be debited immediately, and income that must be credited over time. By reinsuring a portion of its insurance policies, an insurance company reduces the problem of decreased surplus. Through reinsurance, the company shares a portion of its underwriting expenses with its reinsurer and reduces the drain on surplus.

If the reinsurer has satisfied certain regulatory requirements intended to assure the security of the reinsurance arrangement, a ceding insurer can expand its own capacity by supplementing it with reinsurance payments it is owed on its paid claims. This is known as credit for reinsurance, and allows the ceding insurer to expand its capacity. The ceding company can also reduce liabilities and loss reserves attributable by ceding that business to a reinsurer.

A reinsurer often will give the ceding company a ceding commission as reimbursement for expenses, such as agent commissions, taxes and overhead, associated with acquiring the business being reinsured. When added directly to the ceding company's surplus, the ceding commission further increases its capacity.

In addition, reinsurers often provide insurers with a variety of other services. Some reinsurers provide guidance to insurers in underwriting, claims reserving and handling, investments and even general management. These services are particularly important to smaller companies or companies interested in entering new lines of insurance.

In any discussion of reinsurance, its limitations must be considered along with its advantages. Reinsurance does not change the inherent nature of a risk being insured. It cannot make a bad risk insurable or an exposure more predictable or desirable. And while reinsurance may limit an insurance company's exposure to a risk, the total risk exposure is not altered through the use of reinsurance.

THE REINSURANCE CONTRACT

Based on its business needs, an insurer negotiates with a reinsurer to determine the terms, conditions and costs of a reinsurance contract. Under a reinsurance contract, an insurer is indemnified for losses occurring on its insurance policies and covered by the reinsurance contract. While there are no standard reinsurance contracts, treaty and facultative contracts are the two basic types used and adapted to meet individual insurers' requirements. Both facultative and treaty contracts may be written on a proportional or an excess of loss basis, or a combination of both.

A reinsurance treaty is a broad agreement covering some portion of a particular class or classes of business (e.g., an insurer's entire workers' compensation or property book of business). Historically, treaties remain in force for long periods of time and are renewed on a fairly automatic basis unless a change in terms is desired. Reinsurance treaties automatically cover all risks written by the insured that fall within their terms unless they specifically exclude exposures. While treaty reinsurance does not require review of individual risks by the reinsurer, it demands a careful review of the underwriting philosophy, practice and historical experience of the ceding insurer, including a thoughtful evaluation of the company's attitude toward claims management, engineering control, as well as the management's general background, expertise and planned objectives.

In contrast, facultative reinsurance contracts cover individual underlying policies and are written on a policy - specific basis. A facultative agreement covers a specific risk of the ceding insurer. A reinsurer and ceding insurer agree on terms and conditions in each individual contract. Facultative reinsurance agreements often cover catastrophic or unusual risk exposures.

Because it is so specific, facultative reinsurance requires the use of substantial personnel and technical resources for underwriting individual risks. Furthermore, facultative business often presents significant potential for loss. Therefore, a reinsurer must have the necessary staff knowledge to underwrite each exposure accurately.

Facultative reinsurance contracts may also supplement treaty arrangements when the treaties contain specific exclusions, such as exposures involving long haul trucking or munitions manufacturing. Insurers may fill coverage voids created by reinsurance treaty exclusions by negotiating a separate facultative reinsurance contract for a particular policy or group of policies.

In addition, certain classes of risks that may develop significant losses could adversely affect an insurer's treaty experience. Although not excluded from a treaty, these risks may be placed facultatively. For example, to accommodate a policyholder, an insurance company that would not ordinarily provide commercial automobile coverage might agree to provide the coverage. The insurer may then seek facultative reinsurance to protect its losses under applicable treaty agreements. The reinsurer providing an insurer's treaty coverage may not necessarily provide its facultative reinsurance.

Reinsurers also purchase their own reinsurance protection, called retrocessions, in the same forms and for the same reasons as ceding insurers. By protecting reinsurers from catastrophic losses, as well as an accumulation of smaller losses, retrocessions stabilize reinsurer results, thereby spreading the risk.

Reinsurance relationships range from the simple to the complex. An insurer may enter into a single reinsurance treaty to cover certain loss exposures or may purchase numerous treaties until the desired level of reinsurance protection is achieved. This process, known as layering, uses two or more reinsurance agreements to obtain a desired level of coverage. At the time a claim comes due, the reinsurers respond in a predetermined sequence, as necessary, to cover the loss. Layering of reinsurance coverage is similar in principle to the purchase of specific risk coverage through a rider on an insurance policy. Layering allows an insurer to secure the type and amount of insurance or reinsurance protection desired.

There are certain fundamental principles underlying all reinsurance contracts, regardless of how simple or complex the reinsurance transaction. First, the only parties to a reinsurance contract are a reinsured company and its reinsurer. All contractual rights and obligations run only between these two companies. Second, the payments that may be collected under the reinsurance contract are an asset of the ceding company. Finally, as a contract of indemnification, the reinsurance is payable only after the ceding insurer has paid losses due under its own insurance or reinsurance agreements. The exception to this final principle falls under an insolvency clause, which allows the receiver of an insolvent insurer to collect on reinsurance contracts.

CHARACTERISTICS OF REINSURANCE RISK

As stated previously, the two major types of reinsurance are proportional and excess of loss. Under proportional reinsurance, the ceding insurer and the reinsurer automatically share all premiums and losses covered by the contract on a pre-agreed prorated basis, thus there are no characteristics uniquely attributable to the risk associated with proportional reinsurance.

On the other hand, a great deal of uncertainty characterizes the risk associated with excess of loss reinsurance. This uncertainty stems from the fact that the level of risk is dependent on the nature of the reinsurance undertaking. In addition to the actual risk being underwritten, reinsurers must take into account the overall stability of the ceding insurer and the layer of coverage on which the reinsurer is being asked to participate.

Reinsurance, particularly excess of loss reinsurance, is characterized by low claims frequency and high loss severity, and neither is predictable. Therefore, reinsurers may absorb a disproportionate share of total losses. The lines of insurance in which liability is slowest to manifest itself or develop -- the "long tail" lines -- create the worst problems for reinsurers. Paradoxically, reinsurers must collect premiums now for future losses, which will be adjudicated in the social, legal and economic environments prevailing in the future.

Insurance loss costs are determined by a combination of frequency (how many claims per unit), severity (average cost of each claim) and the total number of units insured. Generally, the higher the number of similar units insured, the more reliable the data. This is particularly true in automobile property damage liability insurance. There are many automobiles insured and year to year the frequency of claims is relatively stable.

This method of evaluating insurance risk, however, is often not applicable to reinsurance. Relevant and credible loss data are often unavailable. In contrast to an insurance underwriter, a reinsurance underwriter depends much more on professional judgment and experience to evaluate the nature of an exposure.

General liability insurance contracts traditionally provide coverage for losses occurring during the policy term, regardless of when the loss is reported. This type of contract, called an occurrence policy, leaves the insurer exposed to claims which may be filed many years after the policy expires. Certain exposures, such an environmental liability, are particularly susceptible to this latency factor commonly referred to as the long tail.

Reporting delays create serious problems for all insurers, but marked differences exist in reinsurer loss development patterns, due primarily to the retention feature of excess of loss reinsurance. Many claims are not initially valued at ultimate cost. Because the ceding insurer's reserve is within the retention established in the reinsurance contract, the ceding insurer may not report such claims to its reinsurer.

However, when the claim is ultimately paid, it may exceed the retention. It is only at this point, usually after considerable time has passed, that the reinsurer is notified. Reinsurers are trying to mitigate this problem by requiring all serious injuries to be reported, regardless of the insurer's reserve, and by conducting on-site visits to examine ceding insurers' claims files to better determine the likelihood of losses under the reinsurance contract.

Over the past several years, commercial lines of insurance that often have long tails have demonstrated considerable instability regarding frequency and severity of losses. As a result, commercial insurers rely heavily on reinsurance.

All insurers and reinsurers set aside loss reserves for claims which have been incurred but not reported (IBNR). As claims are reported to the company, these reserves, which represent future loss payments, are reduced.

Because IBNR is such a major component of reinsurers' reserves, much effort is taken in determining and making these calculations. Despite the use of sophisticated professional techniques, however, these reserves are extremely sensitive to changes in social, legal and economic environments. Therefore, they represent a "best guess estimate" of future loss payments.

If IBNR reserves represent only a small portion of a company's total loss reserves, the impact of these unknown claims on total losses reported on past policies is likely to be small. In contrast, if IBNR reserves represent a large portion of a company's reserves, the impact on total losses reported on past policies may be significant. Reinsurers, particularly those participating in casualty and workers' compensation lines, fit into this latter category.

The impact of inflation on insurers' claims liability typically results from increases in the cost of living, increases in the number of claims paid, and increases in large jury verdicts which raise settlement costs. The impact has been most pronounced on reinsurers because their losses develop more slowly and may not be capped to a retention limit.

If losses are paid within a relatively short period following the issuance of an insurance policy, inflation has little effect on claims payments. In many instances the reinsurer may not become aware for years of a loss it will pay. As a result, the impact of inflation on reinsurers may be dramatic. In fact, over the last decade, retention levels were reached and exceeded with unexpected frequency in nearly all lines of insurance.

REINSURANCE REGULATION

Since reinsurance regulation focuses on solvency, it safeguards the validity of reinsurance policies and, at the same time, maintains flexibility in the business of reinsurance. By focusing on the reinsurer, rather than on the reinsurance contract, primary insurance companies are allowed to purchase reinsurance to suit their particular business needs. Of course, reinsurance contracts are entered into by two or more insurance companies -- the reinsurer(s) and the insurer(s). Recognizing that there are always some exceptions to the rule, the two companies are generally expected to be knowledgeable about the insurance business. Therefore, the oversight necessary in primary insurance to protect consumer interests is not essential in the reinsurance business.

In addition, reinsurance contracts must be shaped to the ceding insurer's unique requirements. No two contracts are alike -- all have marked variations in retention levels, coverages and exclusions. An insurance company's needs for reinsurance depend on its book of business and financial and underwriting strategies. The reinsurance contract, and hence reinsurance premiums, must be individually tailored and determined by the parties.

When overriding public policy concerns require regulatory involvement, however, nearly all states have adopted regulations affecting reinsurance contracts. An example of this type of regulatory involvement is the requirement of a standard insolvency clause, which allows the receiver of an insolvent insurer to collect on reinsurance contracts. While few states require the filing or approval of reinsurance contracts, indirect regulation of reinsurance contracts and rates does exist. For example, restrictions on insurance rates affect reinsurance rates. Generally, if the amount paid in premium to the insurer is limited, the amount of premium paid under a quota share reinsurance contract may also be limited.

Reinsurance laws do not require insurers to purchase reinsurance from a U.S. company. With few exceptions, an insurer can purchase reinsurance from a reinsurer located anywhere in the world. The U.S. insurance and reinsurance marketplace needs the additional capacity provided by reinsurers worldwide. State insurance departments, however, are unable to assess the strength of companies located in other countries and cannot measure the extent of regulation under which these alien reinsurers operate. Therefore, to ensure that reinsurance purchased overseas can be collected, state insurance departments impose regulatory restrictions on U.S. insurers, frequently requiring security arrangements between the ceding insurer and reinsurer.

Since recoverable reinsurance is usually a substantial asset, insurers attempt to satisfy the state credit for reinsurance laws. In order to balance insurer capacity and security, virtually every state enforces some type of credit for reinsurance law, regulation or internal departmental standard. Although there is no uniform standard in existence, credit for reinsurance requirements can be met through a variety of alternatives.

First, credit is allowed if the reinsurer is licensed or accredited in the same state where the primary insurer does business. A license is the best means for an insurance department to ensure the solvency of a reinsurer. Some companies, however, have chosen to become accredited rather than licensed. The process of accreditation usually requires a company to submit data to the state insurance department comparable to that of a company seeking licensure.

Second, credit is usually allowed if the reinsurer is domiciled and licensed in a state which employs substantially similar credit for reinsurance standards to those imposed by the primary insurer's state of domicile.

Most U.S. reinsurers satisfy one of these tests, and primary insurers doing business with these companies will usually receive favorable treatment of assets and liabilities on their annual statement. However, the primary insurer is not required to purchase reinsurance from a reinsurer licensed in the U.S.

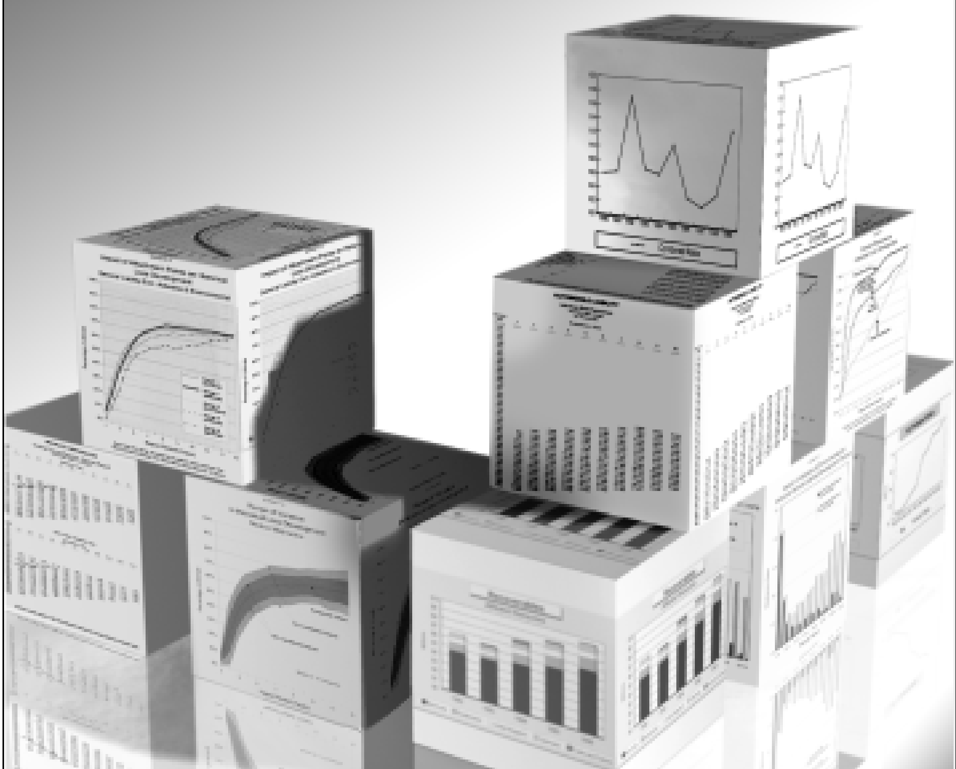
If a company chooses to buy from an alien reinsurer, the reinsurer must usually satisfy one of two requirements for the ceding company to receive credit for reinsurance. First, credit is allowed if the alien reinsurer establishes a substantial U.S. trust fund which satisfies various state requirements on reporting, solvency and collectibility. Second, credit is typically allowed if the alien reinsurer establishes security in the U.S., such as a clean, irrevocable and unconditional letter of credit issued by an acceptable bank.

These alternatives provide state insurance departments with a means to assess the ability of a reinsurer, domestic or alien, to meet its obligations. They also allow U.S. reinsurers access to the international reinsurance marketplace needed for greater capacity and stability.

It is important to note that nearly all primary insurers may sell reinsurance. State insurance laws usually allow an insurer to offer reinsurance in the same lines it writes on a direct basis. In most states, an insurer who wishes to get into the reinsurance market need not satisfy any additional financial requirements.

Taken together, the direct and indirect regulation of reinsurance contracts is significant, if not the same as required of the primary insurance industry. This does not place the policyholder at risk if all other solvency and contract oversight is in place. The goal of reinsurance regulation, beginning with credit for reinsurance laws, is to assure that reinsurance will be paid. This is accomplished in two ways: by direct solvency regulation of the reinsurer or by providing sufficient collateral to meet the reinsurer's obligations. This goal encourages ceding insurers to do business with reinsurers, domestic or alien, that are well-funded, solvent, responsible and will be there to pay when insurance claims come due.

GLOSSARY
OF
REINSURANCE TERMS



GLOSSARY OF REINSURANCE TERMS

Accident Year Experience - Reinsurance experience calculated by matching the total value of all losses occurring during a given twelve-month period (i.e., the dates of loss fall within the period) with the premiums earned for the same period. See also Calendar Year Experience and Policy Year Experience.

Acquisition Costs - All expenses directly related to acquiring insurance or reinsurance accounts, i.e., commissions paid to agents, brokerage fees paid to brokers, and expenses associated with marketing, underwriting, contract insurance and premium collection.

Admitted (Authorized) Reinsurance - Reinsurance for which credit is given in the ceding company's Annual Statement because the reinsurer is licensed or otherwise authorized to transact business in the jurisdiction in question.

Aggregate Excess of Loss Reinsurance - A form of excess of loss reinsurance which indemnifies the ceding company against the amount by which all of the ceding company's losses incurred during a specific period (usually 12 months) exceed either (1) a predetermined dollar amount or (2) a percentage of the company's subject premiums (loss ratio) for the specific period. This type of contract is also commonly referred to as "stop loss" reinsurance or "excess of loss ratio" reinsurance.

Alien - An insurer domiciled outside the United States.

Annual Statement (Also Statutory Annual Statement and Convention Blank) - The annual report format prescribed by the NAIC and the states.

Arbitration Clause - A provision found in many reinsurance contracts whereby the parties agree to submit their disputes to an unofficial tribunal of their own choosing rather than a court of law, generally subject to selection criteria and procedures set out in the clause, which produces an opinion ultimately enforceable by a court of law.

Assume - To accept all or part of a ceding company's insurance or reinsurance on a risk or exposure.

Assumption - A procedure under which one insurance company takes over or assumes the direct policy liabilities of another insurer.

Assumption of Liability Endorsement - A statement of coverage by the reinsurer under which payment is guaranteed to a party not in privity with the reinsurance contract.

Automatic Facultative Binder (AFB) or Automatic Facultative Treaty - See Facultative Treaty.

Base Premium - See Subject Premium.

Binder - A record of reinsurance coverage pending replacement by a formal reinsurance contract, usually a facultative certificate.

Bordereau - A report provided periodically by the reinsured detailing the reinsurance premiums and/or reinsurance losses with respect to specific risks ceded under the reinsurance agreement.

Broker - An intermediary who negotiates reinsurance contracts between the ceding company and the reinsurer(s). The broker generally represents the ceding company and receives a commission, almost always from the reinsurer(s), for placing the business and performing other necessary services.

Broker Market - The collective reference to those reinsurance companies which accept business mainly from reinsurance brokers. See Direct Writing Reinsurer.

Bulk Reinsurance - A transaction sometimes defined by statute as any quota share, surplus aid or portfolio reinsurance agreement through which, of itself or in combination with other similar agreements, an insurer assumes all or a substantial portion of the liability of the reinsured company.

Burning Cost - See Pure Loss Cost.

Calendar Year Experience - Reinsurance experience calculated by matching the total value of all losses incurred during a given twelve-month period (regardless of the dates of loss) with the premiums earned for the same period. As the name implies, Calendar Year Experience is usually calculated for a twelve-month period beginning January 1st. Accident Year Experience and Policy Year Experience are related but not synonymous terms.

Capacity - The largest amount of insurance or reinsurance available from a company or the market in general. Also used to refer to the maximum amount of business (premium volume) which a company or the total market could write based on financial strength.

Catastrophe Reinsurance - A form of excess of loss reinsurance which, subject to a specific limit, indemnifies the ceding company in excess of a specified retention with respect to an accumulation of losses resulting from a catastrophic event or series of events arising from one occurrence. Catastrophe contracts can also be written on an aggregate basis under which protection is afforded for losses over a certain amount for each loss in excess of a second amount in the aggregate for all losses in all catastrophes occurring during a period of time (usually one year).

Cede - To transfer to a reinsurer all or part of the insurance or reinsurance risk written by a ceding company.

Ceding Commission - In calculating a reinsurance premium, an amount allowed by the reinsurer for part or all of a ceding company's acquisition and other overhead costs, including premium taxes. It may also include a profit factor. See Overriding Commission.

Ceding Company (Also Cedent, Reinsured, Reassured) - The insurer which cedes all or part of the insurance or reinsurance risk it has written to another insurer/reinsurer.

Cession - The amount of insurance risk transferred to the reinsurer by the ceding company.

Claims-Made Coverage - Any form of insurance under which the trigger of coverage is the presentation (or "making") of a claim against the insured rather than the date on which the loss occurred. A claims-made policy can provide for varying limitations as to the length of time prior to the policy period during which the loss event could have occurred (the "retroactive period") and the length of time after the policy has terminated during which the claim must be presented (the "tail" or "extended reporting period").

Clash Cover (or Contingency Cover) - An excess of loss reinsurance agreement with a retention level equal to or higher than the maximum limits written for any one reinsured policy or contract. Usually applicable to casualty lines of business, the clash cover is intended to protect the ceding company against accumulations of loss arising from multiple insureds and/or multiple lines of business for one insured involved in one loss occurrence.

Combination Plan Reinsurance - A reinsurance agreement which combines the excess of loss and the quota share forms of coverage within one contract, with the reinsurance premium established as a fixed percentage of the ceding company's subject premium. After deducting the excess recovery on any one loss for one risk, the reinsurer indemnifies the ceding company based on a fixed quota share percentage. If a loss does not exceed the excess of loss retention level, only the quota share coverage applies.

Commutation Agreement - An agreement between the ceding insurer and the reinsurer that provides for the valuation, payment and complete discharge of all obligations between the parties under particular reinsurance contract(s). Although more common where the ceding insurer or reinsurer has concerns about the other party's financial condition, commutation agreements can be used whenever the parties wish to settle and discharge all future obligations.

Commutation Clause - The clause in a reinsurance agreement which provides for the valuation, payment, and complete discharge of all obligations between the ceding company and the reinsurer, including future obligations for reinsurance losses incurred. The clause is most often found in workers compensation reinsurance contracts where future payments are of a continuous and generally known value.

Contingent Commission (Also Profit Commission) - A commission feature whereby the cedent is allowed a commission based on the reinsurer's profitability under the reinsurance contract.

Continuous Contract - A form of reinsurance contract for accepting new business which does not terminate automatically but rather is intended to continue from year to year unless one of the parties delivers notice of intent to discontinue or termination is mutually agreed to in accordance with the termination provisions of the contract.

Cover Note - A statement indicating that the coverage has been effected.

Credit for Reinsurance - A statutory accounting procedure permitting a ceding company to treat amounts due from reinsurers as assets or reductions from liability based on the status of the reinsurer.

Cut-Off (Also Clean-cut) - The termination provision of a reinsurance contract stipulating that the reinsurer shall not be liable for loss as a result of occurrences taking place after the date of termination.

Cut-Through Endorsement - An endorsement added to an insurance policy to provide that, in the event of the insolvency of the insurance company, the amount of any loss which would have been recovered from the reinsurer by the insurance company will be paid instead directly to the policyholder by the reinsurer. Also referred to as an Assumption of Liability Endorsement (ALE). See Guarantee Endorsement.

Deposit Premium - The amount of premium (usually for an excess of loss reinsurance contract) which the ceding company pays to the reinsurer on a periodic basis during the term of the contract. This amount is generally determined as a percentage of the estimated amount of premium which the contract will produce based on the rate and estimated subject premium. It is often the same as the Minimum Premium but may be higher or lower. The deposit premium will be adjusted to the higher of the actual developed premium or the minimum premium after the actual subject premium has been determined.

Direct Writing Reinsurer - A reinsurance company which develops its business by using its own personnel and does not (ordinarily) accept business from a broker or intermediary.

Drop-Down - See Second Event Retention.

Earned Reinsurance Premium - (1) That part of the reinsurance premium applicable to the expired portion of the policies reinsured, or

(2) that portion of the reinsurance premium which is deemed earned under the reinsurance contract.

Evergreen Clause - See Letter of Credit.

Excess of Loss Ratio Reinsurance - See Aggregate Excess of Loss Reinsurance.

Excess of Loss Reinsurance - A form of reinsurance which, subject to a specified limit, indemnifies the ceding company against the amount of loss in excess of a specified retention. It includes various types of a reinsurance, such as catastrophe reinsurance, per risk reinsurance, per occurrence reinsurance and aggregate excess of loss reinsurance. See also Non-Proportional Reinsurance.

Excess Per Risk Reinsurance - A form of excess of loss reinsurance which, subject to a specified limit, indemnifies the ceding company against the amount of loss in excess of a specified retention for each risk involved in each occurrence.

Experience Rating (Loss Rating, Merit Rating) - A method of rating under which the reinsurance rate is based upon the reinsured's own experience, actual or reconstructed, rather than upon the exposure inherent in the business. See also Retrospective Rating and Prospective Rating.

Exposure Rating - A method of rating, usually applied to excess of loss reinsurance, under which the rate is determined based on an analysis of the exposure inherent in the business to be covered and not on the loss experience the business has demonstrated in the past. Both exposure rating and loss rating can be used by the reinsurance underwriter to determine the price which is quoted.

Extra-Contractual Obligations (ECO) Clause - A clause in a reinsurance treaty which protects the ceding company against all or part of its liability arising from claim settlement activities and falling outside of strict policy provisions.

Facultative Certificate of Reinsurance - A contract formalizing a reinsurance cession on a specific risk.

Facultative Obligatory Treaty (Also Semi-obligatory Treaty) - A reinsurance contact under which the ceding company may cede exposures or risks of a defined class that the reinsurer must accept if ceded.

Facultative Reinsurance - Reinsurance of individual risks by offer and acceptance wherein the reinsurer retains the "faculty" to accept or reject each risk offered by the ceding company.

Facultative Treaty - A reinsurance contract under which the ceding company has the option to cede and the reinsurer has the option to accept or decline classified risks of a specific business line. The contract merely reflects how individual facultative reinsurance shall be handled.

Finite Reinsurance (Nontraditional Reinsurance, Limited Risk Reinsurance, and Financial Reinsurance) - A term used to describe a broad spectrum of treaty reinsurance arrangements which provide reinsurance coverage at lower margins than traditional reinsurance, in return for a lower probability of loss to the reinsurer. This reinsurance is often multi-year and financially oriented, and can provide a means of financial management beyond that usually provided by traditional reinsurance.

Flat Rate - (1) A fixed rate not subject to any subsequent adjustment; (2) A reinsurance premium rate applicable to the entire premium income derived by the ceding company from the business ceded to the reinsurer as distinguished from a rate applicable to excess limits.

Following Reinsurer - A reinsurer which accepts the business ceded based on the terms of a contract primarily negotiated by another reinsurer, known as the lead reinsurer. (See Lead Reinsurer).

Foreign - A U.S. domiciled insurer which is domiciled in a state other than the jurisdiction in question.

Fronting - Arrangements by which an authorized insurer, for a specified fee or premium, issues its policies to cover certain risks underwritten or otherwise managed by unauthorized insurers and then transfers all, or substantially all, of its liability to such unauthorized insurers by means of reinsurance.

Funds Withheld - A provision in a reinsurance treaty under which the premium due the reinsurer, usually an unauthorized reinsurer, is not paid but rather is withheld by the ceding company to enable the ceding company to reduce the provision for unauthorized reinsurance in its statutory statement. The reinsurer's asset, in lieu of cash, is "Funds held by or deposited with reinsured companies."

Gross Line - The total limit of liability accepted by an insurer on an individual risk (net line plus all reinsurance ceded).

Ground Up (From the) - A phrase referring to reinsurance losses subject to the contract under consideration before the application of the retention, but after reduction because of any other reinsurance which inures to the benefit of the coverage being considered. Also sometimes used to describe losses before reduction for inuring reinsurance.

Guarantee Endorsement - An endorsement added to an insurance policy covering the policyholder's mortgaged property to provide that, in the event of the insolvency of the insurance company, the reinsurer shall pay directly to the mortgagee and/or the policyholder the amount of loss which would have been recovered from the reinsurer by the insurance company. The endorsement may provide that the reinsurer will pay the full loss amount in accordance with the insurance protection afforded by the insurance company. The Guarantee Endorsement is also known as the Mortgagee Endorsement, and is similar in concept to the Cut-Through Endorsement.

Incurred But Not Reported (IBNR) - The loss reserve value established by insurance and reinsurance companies in recognition of their liability for future payments on losses which have occurred but which have not yet been reported to them. This definition is often erroneously expanded to include adverse loss development on reported claims; the term Incurred But Not Enough Reported (IBNER) is coming into increased usage to more accurately reflect the adverse development on inadequately reserved reported claims.

Indexing - A procedure sometimes incorporated into an excess of loss reinsurance treaty to adjust the retention and limit according to the value of a specified public economic index (for example: wage, price, or cost-of-living.)

Insolvency Clause - A contractual provision, generally required by statute or regulation as a prerequisite to receiving credit for reinsurance, under which the reinsurer agrees, in the event of the ceding insurer's insolvency, to pay its reinsurance obligations under the contract whether or not the insurer has paid its obligations.

I**nsurance Regulatory Information System (IRIS)** - The mechanism developed by the NAIC to assist states in overseeing the financial condition of insurance companies.

Intermediary Clause - A contractual provision, generally required by statute or regulation as a prerequisite to receiving credit for reinsurance, in which the parties agree to effect all transactions through an intermediary and the credit risk of the intermediary, as distinct from other risks, is imposed on the reinsurer.

Lead Reinsurer - The reinsurer on a contract recognized as having the major role in negotiating the reinsurance coverage terms of that contract.

Letter of Credit (LOC) - Within the context of reinsurance, a banking instrument established on a "standby" basis to secure recoverables from non-admitted reinsurers to enable the ceding company to reduce the provision for unauthorized reinsurance in its statutory statement.

Line of Business - The general classification of business as utilized in the insurance industry, i.e., fire, allied lines, homeowners, etc.

Line Sheet (Also Line Guide) - A schedule showing the limits of liability to be written by a ceding company for different classes of risk and (usually) also showing the lines which can be ceded to proportional reinsurance treaties.

Loss Adjustment Expense (LAE) - The expense incurred by the ceding insurer in the defense and settlement of claims under its policies but not the insurer's overhead expenses. The definition of LAE depends on the terms of the reinsurance contract.

Loss Development - The difference between the estimated amount of loss(es) as initially reported to the reinsurer and the amount of an evaluation of the same loss(es) at a later date or the amount paid in final settlement(s).

Loss Loading or "Multiplier" (Also Loss Conversion Factor) - A factor is applied to the anticipated losses (or loss cost) for an excess of loss reinsurance agreement in order to develop the reinsurance premium (or rate.) This factor provides for the reinsurer's loss adjustment expense, overhead expense, and profit margin.

Loss Rating - A method of rating, usually applying to excess of loss reinsurance, under which the rate is determined based on the ceding insurer's historical loss experience, actual or reconstructed, rather than on the exposure inherent in the business. Both loss rating and exposure rating can be used as different rating approaches by the reinsurance underwriter to calculate the price which is quoted.

Minimum Premium - An amount of premium which will be charged (usually for an excess of loss reinsurance contract), notwithstanding that the actual premium developed by applying the rate to the subject premium could have produced a lower figure. See Deposit Premium.

National Association of Insurance Commissioners (NAIC) - An association of the chief insurance regulatory officials of the 50 states, the District of Columbia, American Samoa, Guam, Puerto Rico and the Virgin Islands.

Net Retained Liability - The amount of insurance which a ceding company keeps for its own account and does not reinsure in any way (except in some instances for Catastrophe Reinsurance).

Net Loss - The amount of loss sustained by an insurer after deducting all applicable reinsurance, salvage, and subrogation recoveries.

Ninety Day Rule - The Annual Statement requirement which provides that an insurer must establish a provision for certain balances when it has reinsurance recoverables over ninety days past due.

No Claims Bonus - A form of profit commission under which the ceding company receives a stated percentage of the premium ceded in the event no claims are presented under the reinsurance treaty for a stipulated period of time. The no claims bonus differs from an ordinary profit commission in that no distribution occurs if any claims are made even if the treaty may have produced a profit.

Non-Admitted Reinsurance - Reinsurance for which no credit is given in the ceding company's statutory statement because the reinsurer is not licensed or authorized in the jurisdiction in question.

Non-Proportional Reinsurance - See Excess of Loss Reinsurance.

Obligatory Treaty - A reinsurance contract under which business must be ceded in accordance with contract terms and must be accepted by the reinsurer.

Occurrence Coverage - A description of coverage for an event that “occurred” within the time specified in the insurance agreement, regardless of the date the claim is actually submitted.

Offset (Setoff) - The reduction of the amount owed by one party to a second party by crediting the first party with amounts owed it by the second party. The existence and scope of offset rights may be determined by contract language as well as statutory, regulatory and judicial law.

Over-Line - The amount of insurance or reinsurance exceeding the insurer's or reinsurer's normal capacity inclusive of automatic reinsurance facilities.

Overriding Commission - An allowance paid to the ceding company over and above the acquisition cost to allow for overhead expenses and often including a margin for profit.

Participating Reinsurance - See Pro Rata Reinsurance.

Payback - (1) A method of rating under which the underwriter sets the price based upon his view of how frequently the loss event might occur over a period of time. Thus, if the underwriter felt that the loss would occur only once in five years, the price would be set (without regard to expenses and profit margins) to be equal to the limit divided by five and the contract would thus be said to have a "five year payback." See also Rate on Line. (2) Can also refer to premium charged in addition to the cost of an ongoing program for prior losses and, thus "payback" reinsurers.

Placement Slip - A temporary record of reinsurance arrangements for which coverage has been effected, pending replacement by a formal reinsurance contract. Also known as a slip. See Binder.

Policy Year Experience (Also Underwriting Year Experience) - Reinsurance experience calculated with all applicable premiums and losses assigned to the particular period (usually a 12 month period) in which each reinsured policy becomes effective. See also Accident Year Experience and Calendar Year Experience.

Pool (Also Association, Syndicate) - An organization of insurers or reinsurers through which pool members underwrite particular types of risks with premiums, losses, and expenses shared in agreed amounts.

Portfolio - The liability of an insurer for the unexpired portion of the in-force policies or outstanding losses or both for a described segment of the insurer's business.

Portfolio Reinsurance - The transfer of portfolio via a cession of reinsurance. See also Assumption.

Portfolio Return - Reassumption by a ceding company of a portfolio.

Portfolio Run-Off - Continuing the reinsurance of a portfolio until all ceded premium is earned or all losses are settled or both.

Premium Base - See Subject Premium.

Primary - In reinsurance this term is applied to the nouns: insurer, insured, policy and insurance and means respectively: (1) the insurance company which initially originates the business, i.e., the ceding company; (2) the policyholder insured by the primary insurer; (3) the initial policy issued by the primary insurer to the primary insured; (4) the insurance covered under the primary policy issued by the primary insurer to the primary insured (sometimes called "underlying insurance").

Priority - The term used in some foreign reinsurance markets meaning retention.

Profit Commission - See Contingent Commission.

Proportional Reinsurance - See Pro Rata Reinsurance

Pro Rata Reinsurance (Also Quota Share, Proportional and Participating Reinsurance) - A generic term describing all forms of quota share and surplus reinsurance in which the reinsurer shares a pro rata portion of the losses and premiums of the ceding company.

Prospective Rating (Also Self Rating) - A type of Experience Rating used in arriving at the reinsurance rate and premium for a specified period, based in whole or in part, on the loss experience of a prior period.

Provisional Rate, Premium, Or Commission - Tentative amounts subject to subsequent adjustment.

Pure Loss Cost (Also Burning Cost) - The ratio of the reinsurance losses incurred to the ceding company's subject premium.

Quota Share Reinsurance - A form of pro rata reinsurance indemnifying the ceding company for a fixed percent of loss on each risk covered in the contract in consideration of the same percentage of the premium paid to the ceding company.

Rate - The percentage or factor applied to the ceding company's subject premium to produce the reinsurance premium or the percent applied to the reinsurer's premium to produce the commission.

Rate On Line - Same as Payback except that the price is quoted as a percentage of the limit. Thus, a 20 percent rate on line would be equivalent to a five year payback.

Reassured - See Ceding Company

Reciprocity - A mutual exchange of reinsurance between two or more companies.

Reinstatement - A provision in an excess of loss reinsurance contract, particularly catastrophe and clash covers, that provides for reinstatement of a limit which is reduced by the occurrence of a loss or losses. The number of times that the limit can be reinstated varies, as does the cost of the reinstatement.

Reinsurance - The transaction whereby the assuming insurer, for a consideration, agrees to indemnify the ceding company against all, or a part, of the loss which the latter may sustain under the policy or policies which it has issued.

Reinsurance Premium - The consideration paid by a ceding company to a reinsurer for the coverage provided by the reinsurer.

Reinsured - See Ceding Company.

Reinsurer - The insurer which assumes all or a part of the insurance or reinsurance risk written by another insurer.

Reserve - An amount which is set aside to provide for payment of a future obligation.

Retention - The amount of risk the ceding company keeps for its own account or the account of others.

Retrocession - A reinsurance transaction whereby a reinsurer (the retrocedant) cedes all or part of the reinsurance risk it has assumed to another reinsurer (the retrocessionaire).

Retrospective Rating (Also Self Rating) - A type of Experience Rating used in arriving at the reinsurance rate and premium for a specified period based on the loss experience for that period.

Run-Off - A termination provision of a reinsurance contract that stipulates the reinsurer remains liable for loss as a result of occurrences taking place after the date of termination for reinsured policies-in-force at the date of termination until their expiration or for a specified time period.

Schedule F - The Annual Statement schedule which provides information on a company's reinsurance transactions.

Second Event Retention (Drop-Down) - An approach to establishing the retention level in excess of loss reinsurance (usually catastrophe) under which the amount of the retention is reduced for the second (or subsequent) loss occurrence. The theory is that the ceding company can afford to retain a given retention level on one loss, but for additional loss(es) needs protection over the lower retention.

Self-Rating - See Prospective Rating and Retrospective Rating.

Setoff (Offset) - The reduction of the amount owed by one party to a second party by crediting the first party with amounts owed it by the second party. The existence and scope of offset rights may be determined by contract language as well as statutory, regulatory and judicial law.

Share Reinsurance - See Pro Rata Reinsurance.

Sliding Scale Commission - A commission adjustment on earned premiums whereby the actual commission varies inversely with the loss ratio, subject to a maximum and minimum.

Special Acceptance - The specific agreement by the reinsurer to include under a reinsurance contract a risk not included within the terms of the contract.

Special Termination Clause (Also Sudden Death Clause) - A clause sometimes found in reinsurance contracts allowing one or both parties to terminate fully the contract and coverage for future occurrences upon the happening of some specified condition or event, such as the insolvency or merger of the other party, by providing shorter notice than is otherwise required to terminate the contract if such condition or event had not happened.

Stop Loss Reinsurance - See Aggregate Excess of Loss Reinsurance.

Subject Premium (Also Base Premium, Premium Base, Underlying Premium) - The ceding company's premiums (written or earned) to which the reinsurance premium rate is applied to produce the reinsurance premium. Sometimes also called GNEPI or GNWPI (Gross net earned, or written, premium income) or SMPI (subject matter premium income).

Surplus Reinsurance (Also Surplus Share Reinsurance) - A form of pro rata reinsurance under which the ceding company cedes that portion of its liability on a given risk which is greater than its net line. As consideration, the reinsurer receives that portion of the total premium which the surplus bears to the total liability.

Target Risk - (1) Certain high valued bridges, tunnels and fine arts collections which are excluded from reinsurance contracts and release the reinsurer of any potential high accumulation of liability on any one risk from various sources; (2) a large hazardous risk on which insurance is difficult to place; or (3) a large attractive risk which is considered a target for competing insurance companies and producers. See also Total Insured Value.

Term Contract - A form of reinsurance contract written for a stipulated term (usually one year). The contract automatically expires at the end of the term and renewal must be negotiated. See also Continuous Contract.

Total Insured Value (TIV) - A clause in a reinsurance contract which stipulates that losses relating to risks which have a total insured value in excess of a given amount will not be protected under the contract. In many contracts this clause replaced the Target Risk Clause.

Treaty - A reinsurance contract under which the reinsured company agrees to cede and the reinsurer agrees to assume risks of a particular class or classes of business.

Ultimate Net Loss - The term applied to the reinsurer's loss under a reinsurance contract, generally the gross loss less any recoveries from other insurance which inure to the benefit of the contract in question.

Underlying - The amount of insurance or reinsurance on a risk (or occurrence) which applies to a loss before the next higher excess layer of insurance or reinsurance attaches.

Underlying Premium - See Subject Premium.

Unearned Reinsurance Premium - That part of the reinsurance premium applicable to the unexpired portion of the policies reinsured.

Working Cover - A contract covering an amount of excess reinsurance in which loss frequency is anticipated.

RAA STATISTICAL PUBLICATIONS

Historical Loss Development Study

Produced bi-annually since 1969, the study seeks to reinforce awareness of historical loss development patterns in companies writing casualty excess reinsurance business and in primary companies writing high deductible or umbrella insurance. The historical loss development data – compiled from 30 companies – contains: casualty excess data for four lines of reinsurance (auto, general liability, workers compensation and medical malpractice); data provided by attachment point; ranges of variation and impact of asbestos and other environmental liability on loss development. The study also includes the chart and table data in Microsoft Excel format on diskette. Publication Schedule: Bi-annually

Reinsurance Underwriting Report

This product is compiled quarterly and delivered to subscribers via e-mail. Comprised of a spreadsheets containing information from major U.S. companies, the reinsurance underwriting information includes: premiums written and earned; policyholder surplus; loss, expense and combined ratios; and several other categories of statistical information. The reports are the only domestic reinsurance underwriting statistics collected and made publicly available on a quarterly basis.

Reinsurance Underwriting Review

Published annually since 1980, the *Reinsurance Underwriting Review* (RUR) reports and summarizes the underwriting and operating results of the nation's major property/casualty reinsurers providing timely and comprehensive information on the U.S. reinsurance market. The newly expanded 2002 edition of the RUR contains additional tables and analytics on reinsurance recoverables, reserve and leverage ratios, and invested assets. The new tables go beyond the traditional income statement review and include data from the balance sheet and Schedule F.

This edition of the RUR reflects the experience of over 40 organizations, including both individual companies and groups, whose data are reported in the appendices. The contents are based on data assembled by the National Association of Insurance Commissioners and on data received from the companies themselves, complementing the RAA's Quarterly Reinsurance Underwriting Report with additional information from a broader group of reinsurers. The booklet contains historical data on combined ratios, and net income and is a unique source of financial information for the U.S. reinsurance market. Publication Schedule: Annually

Alien Reinsurance in the U.S. Market

This report is a comprehensive analysis of alien reinsurers' participation in the U.S. reinsurance market. Compiled from NAIC Schedule F data, the report presents U.S. premiums ceded to and recoverables from reinsurers domiciled in more than 95 foreign jurisdictions. The report ranks jurisdictions with the largest participation in the U.S. for both affiliated and unaffiliated reinsurance business. Publication Schedule: Annually

WTC and Natural Catastrophe Loss Development Study

This study presents a reinsurance industry composite of historical loss development related to major man-made and natural catastrophes in the U.S. This is the only publicly available report of its kind, presenting data on The Terrorist Attacks of September 11, 2001, The L.A. Riots and major natural catastrophes including earthquakes, fire and wind events. Twenty reinsurers have contributed paid, reported, and incurred but not reported data to this study that analyzes losses by type of reinsurance including facultative, treaty pro rata, treaty risk excess, treaty catastrophe excess and finite/financial/aggregate stop loss. Reinsurance loss data for the World Trade Center event are also broken out by line of business including property, aviation, liability, workers' compensation, and incidental life (including personal accident and accidental death and dismemberment). Purchase will include the initial study and a six month loss development update.

Reinsurance Market Share Report

Available for the first time in 2003, this 300 plus page report is an excellent tool for competitive market analysis of reinsurance clients and peers. The report presents detailed 5-year trend data that ranks the top 50 P&C groups by direct premiums written, affiliated premiums assumed, nonaffiliated premiums assumed, affiliated premiums ceded, nonaffiliated premiums ceded and net premiums written. Rankings for the top 50 groups are provided separately for each line of business reported in the NAIC Annual Statement. In addition, the report includes analytics on proportional vs. non-proportional, property vs. casualty premiums, and 5-year trends on premiums and loss ratios by line of business. Publication Schedule: Annually

RAA LAW PUBLICATIONS

Compendium of Reinsurance Laws and Regulations

Written by reinsurance experts, this tabbed, indexed binder contains 22 charts summarizing the laws and regulations of 51 U.S. jurisdictions for key reinsurance topics, including; credit for reinsurance, setoff, insolvency clauses, fronting, bulk reinsurance, cut-throughs and arbitration – a full and comprehensive analysis of reinsurance statutory law.

Digest of Reinsurance Caselaw

A major reference work, the Digest of Reinsurance Case Law is a comprehensive collection of U.S. reinsurance case law indexed, cross-referenced and summarized for optimal ease-of-use. This three-volume set contains more than 1,000 cases from every state and federal jurisdiction keyed to more than 150 targeted issues.

RAA LAW PUBLICATIONS, continued

Reinsurance Contract Clauses — Case Law Annotations

This exhaustive reference work is designed to give reinsurance executives, attorneys and contract writers easy access to court decisions by providing specific contract language extracted from the decision and the court's interpretation of that language.

Manual for the Resolution of Reinsurance Disputes

Your search for a reinsurance-focused arbitration or mediation guide is over. This easy-to-use, well-organized tool offers a "how to" approach, with sample forms, a directory of services and recommendations for improving the practice of arbitration. This update includes an expanded and revamped mediation section, the Reinsurance Dispute Resolution Task Force Procedures for the Resolution of U.S. Insurance and Reinsurance Disputes, a larger selection of sample forms and agreements, an expanded ADR service providers list, and the most up-to-date statutes and case law on the subject of ADR.

Arbitrators Directory

RAA's Arbitrators Directory is the most comprehensive listing of both U.S. and international reinsurance arbitrators and mediators available anywhere. The Directory provides background information on each arbitrator and mediator in a clear and concise manner. In addition to the bound copy of the Directory, all listings are part of the ReinsuranceArbitrators.com online service at no additional fee. The site is now a completely interactive database, making it even easier for users to target arbitrators that best meet their needs. Users can perform searches for arbitrators with qualifications they specify; a list of perfect arbitrators is quickly generated.

U.S. Reinsurance Law and Regulation Reporter (Compliance Service)

This e-mail bulletin series provides the latest information on reinsurance laws enacted and regulations adopted in all U.S. jurisdictions - including a summary and the actual text. This automatic, electronic service sends you the text as soon as possible after the official enactment. Past history indicates that, on average, 20-24 bulletins are issued annually.

RAA EDUCATIONAL PUBLICATIONS

(Available At No Charge)

Reinsurance and Insurance Solvency: Questions, Answers & Policy Recommendations

Fundamentals of Reinsurance with a Glossary of Reinsurance Terms

Numerous public policy issues papers on current topics of interest are available online at www.reinsurance.org.

Please call for more information or visit our website, www.reinsurance.org, for current pricing, order forms, and samples of publications.

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