Changing Role of the Reinsurance Broker (Whose Expectations?)

Casualty Actuaries in Reinsurance

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Changing Role of the Reinsurance Broker

I.   Expectations depend upon Ceding Company Characteristics

II. Ceding Company Needs

III. Broker Practices, Value Added(now necessary) services

IV. Reinsurer Reaction, Questions encouraged throughout

What Kind of Ceding Company are you servicing?

The type of analytics supporting the reinsurance placement depends upon needs

I.   Single State Writer (Liability, Property, Florida?)
II. Regional Writer (Nature of Cat Exposures, Nonstandard Auto)
III. Superregional (Rating Agency, Product expansion, Capital Modeling)
IV. Large, National or Multinational (May only need transactional support)

Characteristics of the buyer (movement away from profit centers to Ceded Reinsurance or C-Suite decisions)

Size Matters – Services offered in context of Account size

I. What is the nature of services needed?

Examples:

- Single State Writer Midwest

- Single State Writer Property Florida

- Single State Writer New England

- Exposure Modeling, Portfolio Optimization, knowledge of Regulatory environment

- Nonstandard Auto writer

- Medical Malpractice Company

Comments:

- Cat exposure modeling varies depending upon location and or models utilized?

- Rate filing, Rate comparisons,

- Ubiquitous, what is the reinsurance market doing? Why don't they like me better?

Data Aggregation required

- Underwriting Submission details Brokers are aggregating many kinds of data
- Rate Changes/Rate Monitoring/Predictive Modeling
- Cat Data
- Rating Plans all while maintaining Company proprietary nature of business plans, etc.
- Requests for additional data from markets
- Ceding Companies want to know how to present data in the format that reinsurers expect and want to see (avoids conservative assumptions that may rule in the absence of such information)

Reinsurance Stochastic modeling has become a staple in many brokerage assignments in addition to traditional pricing

Dynamic Reinsurance Modeling
● Model the Underwriting distribution of the company or the lines of business in question
● Question of how to correlate multiple lines of business or other lines
● Use probability models and scenario testing to illustrate results
● What impact does it have for regulatory concerns (AM Best's stress tests, etc.)
● How can we connect the output to the Risk Tolerances/Metrics of the Ceding Company?

Questions and Answers During and at End
Reinsurer Reactions

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