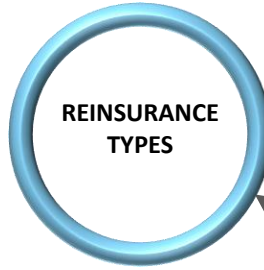




- ✓ Facultative : the individual reinsurance of large or hazardous single risks
- ✓ Treaty: A contract that automatically accepts a large number of similar risks
- ✓ Facultative obligatory : a combination of facultative and treaty

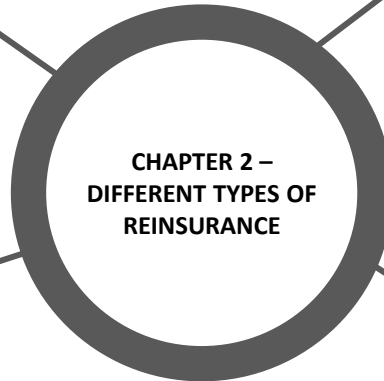


**REINSURANCE
TYPES**

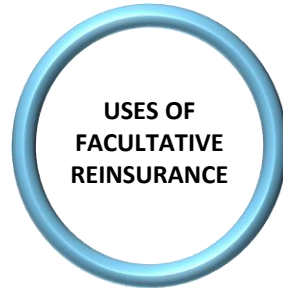


**ALTERNATIVE
RISK TRANSFER**

- ✓ Captives
- ✓ Catastrophe bonds
- ✓ Contingent capital contracts
- ✓ Industry loss warranties (ILWS)
- ✓ Reinsurance sidecars
- ✓ Catastrophe futures
- ✓ Insurance derivatives
- ✓ Multi-trigger policies
- ✓ Catastrophe risk exchange (CATEX)
- ✓ Finite risk solutions

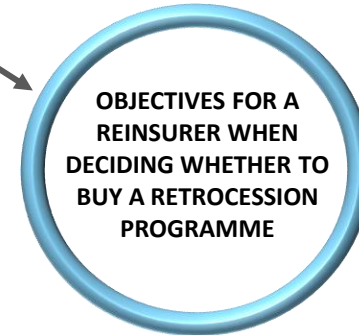


**CHAPTER 2 –
DIFFERENT TYPES OF
REINSURANCE**



**USES OF
FACULTATIVE
REINSURANCE**

- ✓ Capacity required beyond treaty
- ✓ Risk excluded from treaty reinsurance
- ✓ Original risk is hazardous
- ✓ Unique commercial financial or strategic reasons
- ✓ Insurer is new to market segment
- ✓ Where a facultative carve-out is appropriate



**OBJECTIVES FOR A
REINSURER WHEN
DECIDING WHETHER TO
BUY A RETROCESSION
PROGRAMME**

- ✓ Increase acceptance capacity
- ✓ Limit the exposure to loss
- ✓ Give greater stability to its results

