

# *U.S. Life Reinsurance Update*

Jim Filmore, FSA, MAAA  
Assistant Vice President & Actuary  
Munich American Reassurance Company  
(MARC)  
November 2005

## *Overview*

---

- U.S. life reinsurance market in 1995
- U.S. life reinsurance market today
- New entrants to U.S. life reinsurance market
- Recent changes in U.S. life reinsurance
- Capacity
- Consequences of reporting delays
- Impact on direct companies
- Questions/Comments?

**U.S. Life Reinsurance Market in 1995 (excluding retros)**

*(According to the MARC/SOA Reinsurance Survey)*

- Allianz
- AUL
- BMA
- Cigna
- Cologne
- Crown
- ERC
- Gerling Global
- Harbourton Re
- Life Re
- Lincoln
- M&G
- MARC
- North American Life
- Optimum Re
- Phoenix
- Hannover
- RGA
- Security Life
- St. Lawrence
- Swiss Re
- Transamerica

**Current U.S. Life Reinsurance Market (excluding retros)**

*(According to the 2004 MARC/SOA Reinsurance Survey)*

- Canada Life Re
- Gen Re
- Generali
- Hannover
- MARC
- Optimum Re
- Revios
- RGA
- SCOR
- Scottish
- Swiss Re
- Transamerica



**Concentration of the U.S. Life Reinsurance Market (excluding retros)**

*(According to the 2004 MARC/SOA Reinsurance Survey)*

---

81% of the recurring US life reinsurance issued in 2004 was reinsured by one of the top 5 US life reinsurers:

- MARC
- RGA
- Scottish
- Swiss Re
- Transamerica

**New Entrants to U.S. Life Reinsurance Market (excluding retros)**

---

- Wilton Re
- XL Re
- Any others?

A graphic of a spiral-bound notebook with a brown cover and a light beige page. The spiral binding is on the left side. The text is centered on the page.

## *Recent Changes in U.S. Life Reinsurance*

---

- Lower available capacity
- Tighter terms & conditions
- Higher reinsurance rates
- Increased scrutiny of operations of direct companies

A graphic of a spiral-bound notebook with a brown cover and a light beige page. The spiral binding is on the left side. The text is centered on the page.

## *Why has capacity dropped?*

---

- Number of reinsurers
- Number of retros
- Retros back-end support
- High profile large claims

## *Retros are Tightening*

---

- What are they tightening?
  - Jumbo limits
  - Jumbo definition
  - Reporting delays

## *Reporting Delays*

---

- The retros may not know they are bound automatically, so they may give more exposure on this life facultatively.
- May result in over-exposure for retros

## *Consequences of Reporting Delays*

---

- Lower jumbo limits
- Possibility that the risk is not reinsured
  - Last year, one retro pushed for a 6 month limit on reporting delays.
  - Most retros are pushing for a 3 year limit on reporting delays effective 1/1/2006. Risks reported after this period will be considered, but cannot be ceded automatically.

## *Impact on Direct Companies*

---

- Difficulties placing large cases automatically
- Possible ramifications of reporting delays
- Restructuring of reinsurance pools
- Pricing impact on products
- More time spent on UW and other audits
- More questions/dialogue

*Questions/Comments?*

---

