

Index Insurance Training

Reinsurance and claims process

Checklist for assessing suitability of reinsurance strategy for index insurance

- Expertise of reinsurer with index insurance products and sharing of technical knowledge.
- Type of reinsurance – quota share/aggregate excess of loss – and rationale behind type used.
- Method used for payment of reinsurance claims (e.g. claim payments or offset from future premium payments).
- Reinsurance premium compared with insurer's own calculations on burn cost/risk premium rates.
- Details on reinsurance treaty (e.g. duration of coverage, renewal clause, dispute resolution).
- Reinsurers' existing exposures in same country and region, and exposure to systemic risks.
- Contingency plan if exceeding reinsurance cover – other types of reinsurance, ceding to government.
- Investment strategy employed by insurer, and rationale behind investment.