CORE
CONCEPT

Reinsurance Treaties and Programme Design: Quota Share, Excess of Loss and Recoveries

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Introduction:

Reinsurance decides how much of an insurer's portfolio stays on its own balance sheet, yet treaty programmes are often renewed on inherited structures, wordings are signed without close reading and recoveries fall behind because bordereaux and loss advices arrive late. This Core Concept course trains ceding-company underwriting, reinsurance, finance and legal teams to choose between treaty and facultative cover, structure quota share, surplus and excess of loss layers, test treaty clauses, rate a programme and collect recoveries. Participants produce a Reinsurance Programme Design and Treaty Review Report.

Course Objectives:

- Explain how reinsurance supports underwriting capacity, result stabilisation, capital relief and portfolio balance, and when facultative placement suits a risk better than a treaty
- Structure quota share, surplus, per risk excess of loss, catastrophe excess of loss and stop loss protections and compare how each shares premium and losses
- Interpret treaty wordings, including follow the fortunes, follow the settlements, claims cooperation, reinstatement, loss occurrence, exclusions and arbitration clauses
- Set retentions and layer limits from portfolio profiles and loss history, and estimate reinsurance rates with burning cost and exposure rating methods
- Assess reinsurer security and counterparty concentration and control cessions, bordereaux, technical accounts and claims recoveries
- Produce a Reinsurance Programme Design and Treaty Review Report with a retention recommendation, layer structure and wording issues log

Target Audience:

- Underwriting managers who set risk acceptance limits and rely on treaty capacity to write large risks
- Reinsurance managers who design, place and renew treaty and facultative protections with brokers and reinsurers
- Finance and reinsurance accounting managers who prepare technical accounts, cash calls and recoverable balances
- Legal and contract managers who review treaty wordings and handle disputes with reinsurers
- Claims managers who notify large and catastrophe losses and pursue reinsurance recoveries
- Risk and capital managers who monitor retained exposure and reinsurer counterparty risk

Course Outline:

Day 1: Reinsurance Purpose, Market Roles and Portfolio Baseline

- Reinsurance Functions: Capacity, Result Stabilisation, Capital Relief and Underwriting Expertise
- Market Roles: Ceding Insurer, Reinsurer, Broker and Retrocessionaire
- Treaty Versus Facultative Placement Decision Criteria
- Obligatory, Facultative-Obligatory and Per-Risk Facultative Arrangements Compared
- Current Reinsurance Programme Inventory and Portfolio Profile Baseline

Day 2: Proportional and Non-Proportional Treaty Structures

- Quota Share Mechanics: Cession Percentage, Ceding Commission and Profit Commission
- Surplus Treaty Lines, Line Guide and Table of Limits
- Per Risk Excess of Loss: Priority, Limit and Layer Stacking
- Catastrophe Excess of Loss: Event Definition, Hours Clause and Aggregation
- Stop Loss and Aggregate Excess Covers Based on Loss Ratio

Day 3: Treaty Wordings, Pricing and Programme Construction

- Follow the Fortunes and Follow the Settlements Clause Reading
- Claims Notification, Claims Cooperation and Claims Control Clauses
- Reinstatement Premium Calculation for Excess of Loss Layers
- Burning Cost and Exposure Rating Worksheets
- Retention Setting With Portfolio Loss History and Risk Appetite

Day 4: Reinsurer Security, Accounting, Recoveries and Disputes

- Reinsurer Security Assessment: Financial Strength Ratings, Collateral and Panel Concentration
- Bordereaux, Technical Accounts, Premium Reserve Deposits and Cash Calls
- Large Loss Recovery Workflow and Recoverables Ageing Review
- Treaty Disputes: Arbitration Clause, Umpire Selection and Commutation
- Alternative Risk Transfer Overview: Catastrophe Bonds, Trigger Types and Retrocession

Day 5: Programme Modelling Build and the Treaty Review Report

- Property Portfolio Exercise: Surplus Versus Quota Share Capacity Comparison
- Motor and Liability Exercise: Excess of Loss Layer and Reinstatement Cost Model
- Catastrophe Accumulation Exercise: Event Scenario Recovery Calculation
- Treaty Wording Issues Log and Retention Recommendation Drafting
- Programme Design Presentation and Peer Challenge

Skills You Will Gain:

- Reinsurance Programme Structuring
- Treaty Wording Analysis
- Retention and Layer Calibration
- Burning Cost Rating
- Reinsurer Counterparty Assessment
- Reinsurance Technical Accounting
- Recovery Collection Control
- Catastrophe Accumulation Analysis

Why Attend This Course:

- Return with a Reinsurance Programme Design and Treaty Review Report built on your own portfolio and treaty wordings
- Spot clause gaps in event definitions, reinstatement terms and claims cooperation provisions before the next renewal
- Discuss rates and structures with brokers and reinsurers using your own burning cost and exposure figures
- Compare programme practice with peers from property, motor, liability, marine and takaful portfolios

Conclusion:

A reinsurance programme protects an insurer only when its structure matches the portfolio, its wording responds to real losses and its recoveries are collected on time. The course moves from the purpose of reinsurance and treaty versus facultative placement, through quota share, surplus, excess of loss and stop loss structures, to treaty clauses, rating, retention, reinsurer security, accounting, recoveries and disputes. The final day builds working models on multi-line portfolios and produces a Reinsurance Programme Design and Treaty Review Report ready for renewal.