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Insurance/Reinsurance Relations





JORDAN INSURANCE FEDERATION

The Eighth International

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Converging or Conflicting Interests in Insurance/Reinsurance Relations





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Converging business leading to "potential" conflicting interests



> Converging Structure:

Both insurance and reinsurance have similar and common major starting point:

"Marine"

- They both protect the same underlying risks
- They are financial firms geared for profit with similar balance sheet in terms of reserves and risk management
- They have the same regulatory bodies
- They both mostly depend on Actuaries and Underwriters for pricing
- They both practice the same accounting standards and solvency matters
- We even have reinsurance brokers ©



> Converging business:

It is their converging business orientation, nature, and interests that satisfy their alignment but also could lead to "potential" conflicting situations

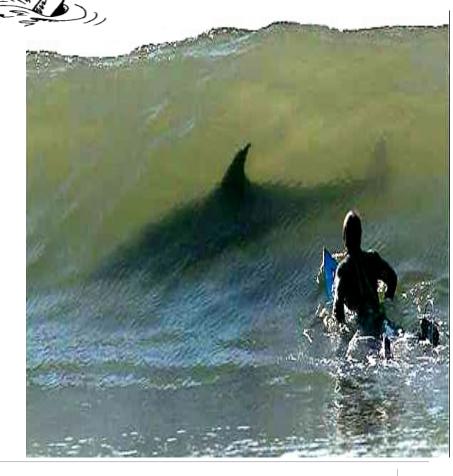
Agenda

Converging or Conflicting Interests in Insurance/Reinsurance Relations



> What is risk?

- Risks Etymology
- o Insurance origins in brief?
- o Reinsurance origins in brief?
- > How to treat risk?
 - Elements of risk treatment
 - O What is the Insurance role?
 - O What is the Reinsurance role?
- ├ (Re)-Insurance concept back-to-back and their obligations?
 - Law of large numbers
 - Utmost good faith and E&O
 - o FTF & ECO
 - o (Re)-Insurance or Insurance Re obligations
 - Cut through clause; Credit worthiness; KYC; DP; Sanction clause
- Conclusion







"Cheap reinsurance is a fool's bargain: Wen an insurer lays out money today in exchange for a reinsurer's promise to pay a decade or two later, it is dangerous – and possibly lifethreatening – for the insurer to deal with any by the strongest reinsurer around"



Reinsurance is a Partner ship

- > For the direct insurer reinsurance is either
 - A powerful tool to manage its financial position
 - A method of transferring undesired risk
 - Compensation for services provided by the reinsurer



➤ But usually, all three



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