



Converging or Conflicting Interests in



Insurance/Reinsurance Relations



General Arab Insurance Federation



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➤ **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



➤ What is risk ?

- Risks Etymology
- Insurance origins in brief ?
- Reinsurance origins in brief ?

➤ How to treat risk ?

- Elements of risk treatment
- What is the Insurance role ?
- What is the Reinsurance role ?

➤ (Re)-Insurance concept back-to-back and their obligations?

- Law of large numbers
- Utmost good faith and E&O
- FTF & ECO
- (Re)-Insurance or Insurance Re obligations
 - *Cut through clause ; Credit worthiness ; KYC ; DP ; Sanction clause*

➤ Conclusion





“Cheap reinsurance is a fool’s bargain: When 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 life-threatening – for the insurer to deal with any but the strongest reinsurer around”



Reinsurance is a **Partnership**



➤ 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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