

# **Instructions for submission of Advance Reinsurance**

## **Summary Format**

### **1. Background**

In order to simplify the submission of advance Reinsurance program the Authority, vide the amendments in the IRDAI (Re-insurance) Regulations 2018 dated 23<sup>rd</sup> August, 2023, has stipulated a “summary format” of Reinsurance program for forthcoming year.

The summary formats will ensure standardisation, accuracy and proper reporting of data and will be useful for analysis and decision-making purposes both for the reporting entities as well as for the Authority.

### **2. Reporting Entities**

- a. Life, Non-life including Specialized Insurers, standalone Health Insurers.
- b. Indian Reinsurers
- c. FRBs and Lloyds India
- d. Exempted insurers

### **3. General Guidelines:**

- a. As mentioned in SI no. 5 below, Form 1 to 4, and Form 6 are to be furnished by all reporting entities specified at SI no. 2 above. Form 5 and 7(7.1,7.2,7.3) are to be furnished by Life, Non-life including Specialized Insurer and standalone Health Insurers
- b. Completeness: Insurers are advised to -
  - Fill in all the required fields.
  - Ensure that data is provided for each category and sub-category.
- c. Accuracy: Insurers are advised to -
  - Verify the accuracy of the data furnished in the Forms.
  - Ensure that data in Form 1 to Form 5 and Form 7.1 to Form 7.3 must be in INR Crore.
  - Cross-check numerical values and calculations before final submission.

### **4. Advance Reinsurance Program Forms:**

#### **a. Form 1: Reinsurance Premium Ceded – Entity Wise**

Data is to be submitted:

- I. For the Previous Year, Current Year (Estimated), and Forthcoming Year (Projected)
- II. Treaty (Proportional), Treaty (Non-proportional), and Facultative is to be submitted as specified in the formats
- III. For Risk Exposure, values for Total Premium Ceded and Total Risk Exposure Ceded are to be provided.

#### **b. Form 2: Distribution of Reinsurance Premium Ceded - LOB Wise**

Data is to be submitted for each Line of Business (LOB). Please mention reasons for changes (Current vs Forthcoming Year), if any, in the Net Retention Ratio.

**c. Form 3: Domestic Inward Re-insurance Premium**

The break-up of data shall include reinsurance inward premium (accepted) and the premium retroceded amounts.

**d. Form 4: Foreign Inward Re-insurance Premium**

- I. The break-up of data shall include reinsurance inward premium (accepted) and the premium retroceded amounts.
- II. Jurisdiction/Territory indicates the geographical area or legal jurisdiction or name of country, where the reinsurance risk/transactions are proposed.

**e. Form 5: Inter-company Reinsurance Arrangements**

Segment Breakdown:

- I. Details for each Line of Business may be provided.
- II. Gross Premium Accepted and Premium Retroceded may be provided.

**f. Form 6: Details of Cover as per CAT Modelling**

- I. CAT Modelling Details:
  - Basis of Modelling:
    - This refers to the methodology or framework used for the CAT modelling. It could include details on the mathematical models, algorithms, or statistical methods employed to assess the impact of catastrophic events.
  - Name of Peril(s):
    - Please specify the types of catastrophic events or perils that are being modelled. Examples include earthquakes, floods, hurricanes, etc.
    - Please add row(s) for multiple catastrophic events or perils
  - Return Period:
    - This refers to the average number of years between occurrences of a specific magnitude of a catastrophic event. It helps in understanding the frequency of such events.
  - Modelling Output Estimates:
    - This refers to the results or predictions generated by the CAT modelling. It could encompass estimates of potential losses, damage, or other relevant outcomes.
  - Modelling Agency:
    - Please identify the agency or entity responsible for conducting the CAT modelling. This could be an external modelling firm with expertise in catastrophe risk assessment.
  - Retention Limit:
    - This refers to the maximum amount of risk that the primary insurer (ceding company) is willing to retain before seeking reinsurance coverage. It represents the portion of risk that the company is willing to insurer itself.
  - Reinsured Limit:
    - This refers to the maximum amount of risk that the insurer proposes to transfer to the reinsurer through a reinsurance arrangement. It represents the portion of risk that is ceded to the reinsurer.

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- Remarks:
  - This section may include any additional comments, notes, or explanations related to the CAT modelling details. such as assumptions made, special considerations, or any other relevant information.

**g. Form 7(7.1, 7.2, and 7.3): Statement of Re-insurance Cost**

- I. Reinsurance Cost details:
  - Data is to be submitted for the Previous Year, Current Year (Estimated), and Forthcoming Year (Projected)
  - Data is to be submitted for each segment as specified in Form 2 for Facultative, Treaty (Proportional) and Treaty (Non-proportional) arrangements.
  - Insurers shall furnish the specified details both in amount and percentage.