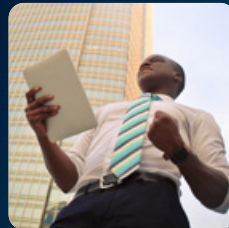
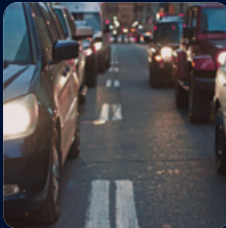




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CELEBRATING PROFESSIONALISM IN AFRICA

EDITION #R01



'The positive social impact of reinsurance'

By **Maya Nundloll-André**, FCII, Chartered Insurance Broker
Group Technical Director, Reinsurance Solutions, Mauritius
CII goodwill ambassador to Mauritius

'Celebrating professionalism in Africa' is a pioneering series of case studies, published by the Chartered Insurance Institute, to showcase professional practice and innovation in insurance

THE POSITIVE SOCIAL IMPACT OF REINSURANCE



By **Maya Nundloll-André**, FCII, Chartered Insurance Broker
Group Technical Director, Reinsurance Solutions, Mauritius

Reinsurance, just like insurance, is an intangible service – explaining it, let alone promoting it, can be highly challenging.

Reinsurance is essentially a specialist form of insurance transacted between the reinsured and the reinsurer. Many of the principles and practices applying to the conduct of insurance business also apply to reinsurance. For instance, the duty of utmost good faith, principle of indemnity and insurable interest are also present in the realm of reinsurance.

Significant capital is allocated to high-value and hazardous risks, where the quality of information and the probability of events are uncertain and difficult to model accurately. On top of quantitative modelling, reinsurers must look for soft factors to supplement their knowledge of the risks they are underwriting; one of those factors being their level of trust in insurance companies that approach them.

The same is true for insurance companies that want to ensure that the reinsurers they work with are financially solvent and willing to meet their obligations and commitments to pay claims in the event of a loss.

In a nutshell, this symbiotic relationship can only exist if trust is at the core of the business. Similarly, building a good relationship with customers requires trust and loyalty. The customers need to feel that insurers have their best interests at heart and provide the products which meet their requirements at a reasonable price.

THE REINSURANCE FUNCTION

Reinsurance has played a critical role in the industry for more than 150 years. It allows the insurer to accept risks that would be beyond its financial underwriting capacity or mandate, while also protecting the insurer's solvency if faced with a large number of unexpected losses.

Effectively, risks that would otherwise have been uninsurable due to the potential losses that could flow from them, are now insurable where the insurers are backed by reinsurance.

EMERGING RISKS: LOOKING AHEAD

The insurance and reinsurance sectors have a history of helping society understand and adapt to emerging risks. To name just a few, the digital economy and the invasion of big data are revolutionising emerging risks knowledge and analysis, behind which traditional models were left lagging. The accelerated climate change and the rising longevity of populations have triggered heavy sociological and economic evolutions, while creating new needs in the process.

The limited information available regarding these new risks, along with these new high potential exposures to catastrophe, compels insurers to reconsider their business model and work more closely with reinsurers.



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Throughout Africa, governments are encouraging an accelerated recovery from the pandemic; reinsurance products that benefit economies and communities will play a vital role

PUBLIC AND PRIVATE COOPERATION

During the past few years, we note the ever-increasing role played by the private insurance industry in disaster financing. For many catastrophic events that were uninsured, there is a major opportunity for reinsurance companies and governments to collaborate and build structures where the reinsurance industry provides expertise and insight in constructing innovative solutions.

Covid-19 has been a major test for governments, society and business. Similarly, climate change represents existential threats requiring urgent action. In all these spheres, governments, international organisations, insurers and reinsurers are working together to achieve more effective risk mitigation and financing strategies to counter the systemic threats we face.

HELPING SOCIETY AT LARGE

Brokers and insurers have a closer relationship with clients and are better placed to listen to their needs and the role that insurance can play for them. By presenting their findings to reinsurers, which have the skill and capacity to find adequate solutions, insurers can provide better products to their clientele.

Throughout Africa, governments are encouraging an accelerated recovery from the pandemic, and reinsurance products that benefit economies and communities will play a vital role. For example, agricultural insurance, which protects crops in disaster-prone regions against weather damage give farmers the confidence to invest in the future. What was unimaginable a few years ago is now possible thanks to the transfer of risks to reinsurers. Reinsurance being a truly international business, risks faced in one country can be spread among the international underwriting community. Hence, the experience derived from one location can be transferred to others, allowing the world to benefit from the research and expertise of reinsurers.

DIVERSITY

The key strength of international reinsurers is their socially diverse workforce. Diversity cuts across lines of gender, ethnicity, education, disability, language and others.

By bringing in talent from different social backgrounds, they are better able to reflect on the world around us and this provides them with an opportunity to foster change. Working together brings the power to create a stronger and more resilient society where all can benefit.

COLLABORATION AT ALL LEVELS

Today, the insurance business is no longer confined to just indemnifying customers. It has evolved to include customers in risk analysis and risk sharing between customer, insurer and reinsurer.

This cooperation should be encouraged to keep on building the trust necessary to allow reinsurers to develop the best products due to their extensive underwriting experience, risk expertise and claims insights for the benefit of the wider community. ○



FURTHER READING



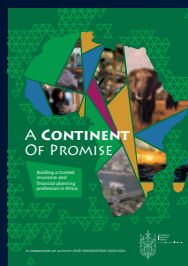
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A Commonwealth Insured



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Six Months In Review
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FOR INFORMATION:

www.cii.co.uk/africa

E: africa@cii.co.uk

PUBLISHED BY:

Chartered Insurance Institute

3rd Floor | 20 Fenchurch Street | London | EC3M 3BY

Tel: +44 (0)20 8989 8464

Email: customer.serv@cii.co.uk

www.cii.co.uk



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