

Surplus \$100 M

want to write \$500 M in premium

solution?

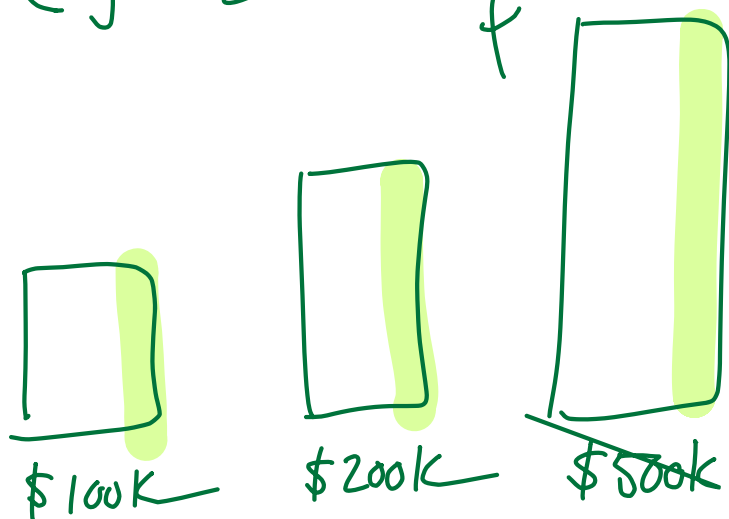
use reinsurance to cede \$170 M
and receive \$10 M in ceding commissi

$$\begin{aligned}\text{Net Insurance} &= \$500 \text{ M} - \$170 \text{ M} \\ &= \$330 \text{ M}\end{aligned}$$

ceding commission immediately added to
Surplus \Rightarrow \$110 M

Quota Share

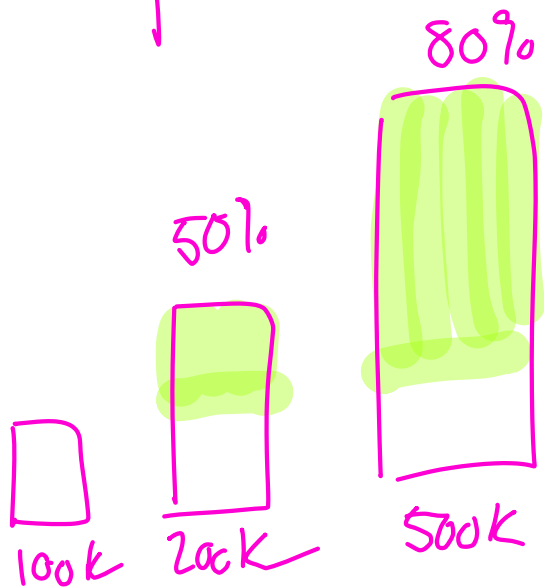
e.g. 25% quota share



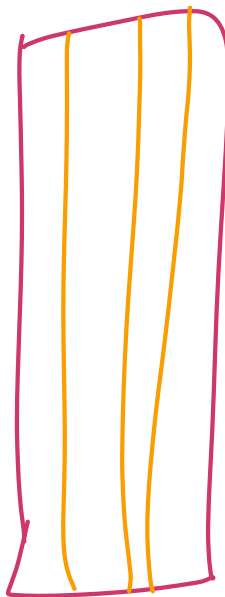
give reinsurer
25% of premium,
they pay 25%
of claims

Surplus Share

e.g. \$100k line

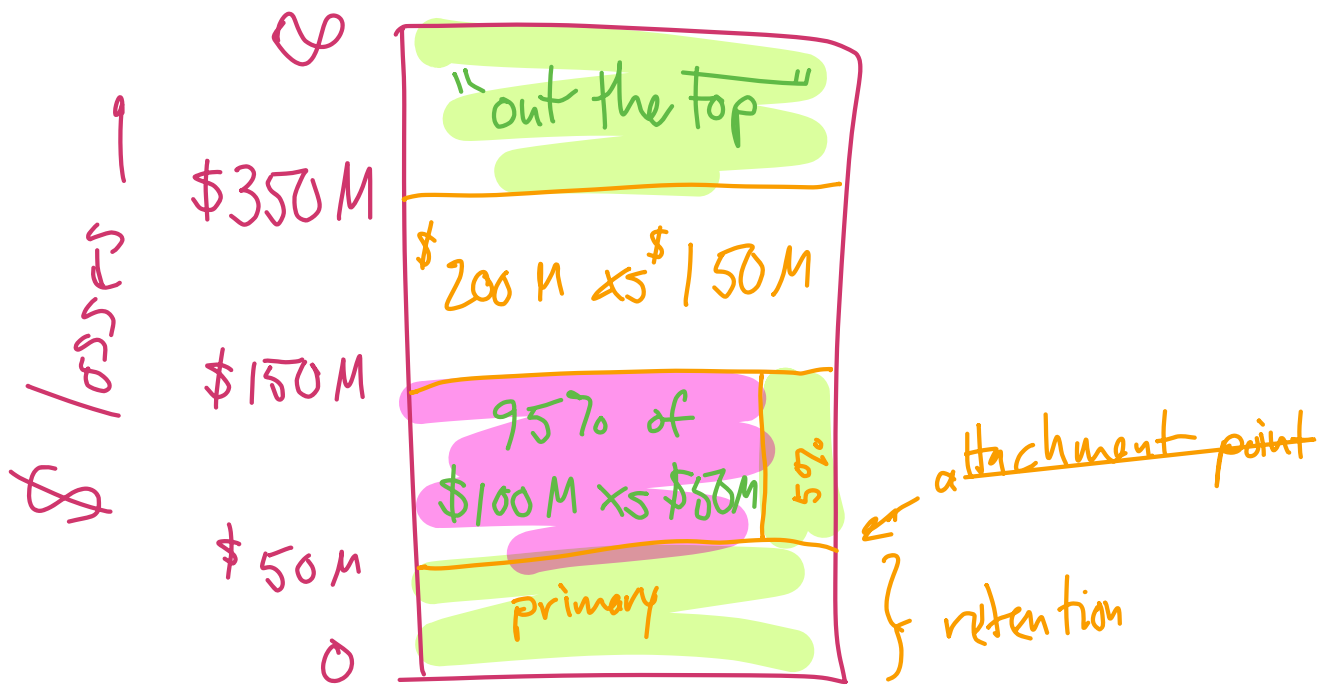


option 1

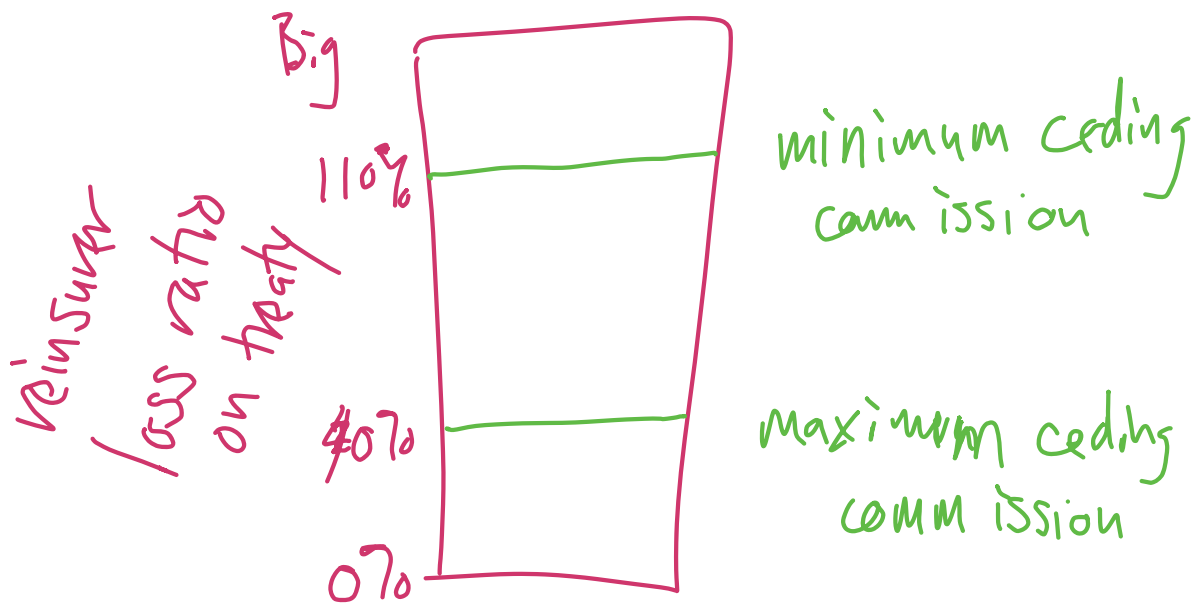


option 2

#3
#2
reinsurer #1
primary



Border ea u.



- 1) Individual Company Loss \$
- 2) Industry loss \$
- 3) Parameter values
e.g. wind speed or mmHg
- 4) Modeled losses