




The Role of the Reinsurance Industry in Product Development for Latin America & Caribbean

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 Best Reinsurance
Broking Firm -
2008 Reactions magazine's
London Market Awards

BENFIELD


Role of Reinsurance:



- Historically: Capacity Building
for large losses and/or events

- Trend: Due to the changed
Environment higher Exposures

**⇒ Question: Microinsurance - a Business Opportunity
for the Reinsurance Industry?**

Current Micro-(Re-)insurance Approach



- usually stand-alone products e.g. Life & Personal Accident are offered (in some cases also property)
- standard policy wording and conditions
- traditional distribution channels and underwriting procedures with slight modifications



- **Critical Mass is often not reached**
- **Relatively low Premium Income**
- **Reinsurance Industry is not seen as a Partner**

⇒ Only a few Reinsurers see Micro-Reinsurance as a Business Opportunity.

Micro-Reinsurance as a Business Opportunity



- 60%-80% of Latin America's population can be considered as poor (income p.a.<USD 5000) but they are willing to spend up to US\$ 10 p.m. for insurance
- the traditional insurance players still do not offer adequate products or have adequate distribution channels
- Multinational Players - generally speaking – offer their Europe/ US standard products, which do not fit into the LAC-Markets
- Smaller and midsized companies do not have the infrastructure to develop these kind of products

⇒ **Not just Capacity is needed but Know How**

Consultative Micro-Reinsurance Approach



- Involvement in the whole Product Design Process
- Assistance in the Development of the Business Plan and the Set Up of the necessary Framework in order optimize the process
- Reinsurance assumes large part of the Innovation Risk
 - ⇒ *Reinsurance transaction forms part of the Payment for the Consultancy*

Micro-Reinsurance: Product-Design-Net





1. Transfer of International Know How

2. Systematic Business Development

3. Minimizes the Innovation Risk

4. No Payment of Consultancy Fees in Advance

⇒ Building: One Team with one Spirit

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