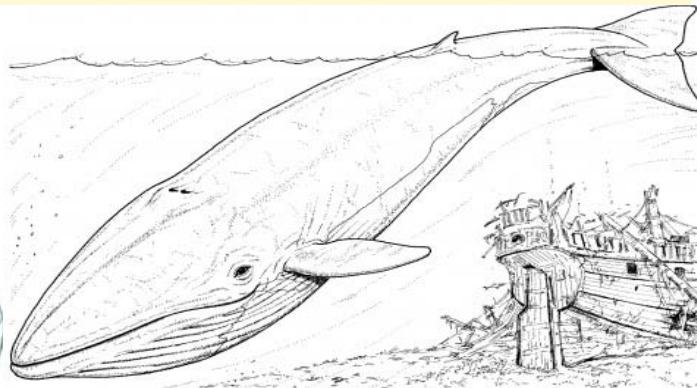


# HERE BE MARKETS: DISABILITY REINSURANCE PAST & PRESENT



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# DISABILITY REINSURANCE MARKET(S)

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<sup>1</sup>**mar·ket** *noun, often attributive* \ 'mär-kət \ " ...the area of economic activity in which buyers and sellers come together and the forces of supply and demand affect prices"

[www.Merriam-Webster.com](http://www.Merriam-Webster.com)



# DEFINING DIS RE MARKETS

Purpose	Product		
	Group	Individual	Credit
Risk Management	4/8	2/7	2/1
Admin Expertise	3/4	1/4*	0*
Capital Support	0/0*	0/1	1/4

- First # = current active sellers; 2<sup>nd</sup> # = active in 1997
- \* Indicates one-off or incidental players do exist
- Distinction between credit risk and credit capital market minimal



# A SELECTIVE CHRONOLOGY

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## Coming...

- 1994 – DCG founded
- 1996 – IDR established
- 2000 – Munich backs Smith Group
- 2001 – Fortis buys DRMS
- 2001 – IDR buys D&H
- 2006 – RSL buys CDS
- 2009 – RGA buys ING Re (group)
- 2011 – Swiss Re re-enters LTD market

## & Going...

- 1997 – Swiss Re buys M&G
- 1998 – Swiss Re cancels all IDI treaties
- 1999 – Lincoln exits IDI
- 1999 – ERC exits IDI
- 1999 – Sun Life cancels LTD
- 2005 – DCG exits reinsurance
- 2006 – IDR bankruptcy



# GROUP RISK REINSURANCE

	2002		2011	
	Premium	Reserves	Premium	Reserves
Gen Re/JHA	16,808,778	269,080,263	15,924,822	123,494,354
Munich Re/SG	37,468,376	61,652,969	94,565,608	317,853,660
ING Re/RGA	73,948,713	450,211,391	75,083,041	351,058,666
ERC/DCG	57,100,047	123,155,752	38,549	44,770,621
Totals	185,325,914	904,100,375	185,612,020	837,177,301

- Often referred to as “Excess” market
- Swiss Re = new entrant in 2011 (last LTD treaty in 2000)
- Totals exclude participations in LTD turn-key (IDR, etc)



# GROUP TURN-KEY MARKET

	2002		2011	
	Premium	Reserves	Premium	Reserves
Hartford GRP	47,729,534	247,555,535	59,194,101	252,521,304
DRMS/DART	42,582,321	107,539,574	174,921,362	557,970,096
CDS/D&H	13,880,334	91,428,901	50,340,616	284,697,384
IDR/ING	72,291,185	290,237,754	-	*
Totals	176,483,374	736,761,764	284,456,079	1,095,188,784

- IDR 2011 reserves included with other (excess) treaties
- In 2002, most reinsurers had some piece of each facility; retro's excluded
- By 2011, each facility has a single risk reinsurer



# IDI RISK REINS MARKET

	2000		2011	
	Premium	Reserves	Premium	Reserves
Swiss Re	106,572,498	742,841,515	43,614,089	912,433,507
ERC	20,534,089	254,512,943	9,894,229	209,439,403
Lincoln	66,802,744	811,543,362	???	???
Gen Re	14,170,455	39,722,736	36,915,956	142,016,480
Paul Revere	43,348,593	237,983,746	17,042,857	211,606,363
Munich Re	27,187,451	17,704,328	265,900,708	695,515,443
Totals	278,615,830	2,104,308,630	373,367,839	2,171,011,196

- Swiss Re left market 1998; Lincoln & ERC in 1999
- Swiss Re purchased Lincoln National Re in 2001
- Excludes Admin Re (Royal Maccabees = \$14 MM in 2000)
- Significant number of treaties are split



# CREDIT DIS RE MARKET

	2000		2011	
	Premium	UEP	Premium	UEP
Munich	11,482,247	22,524,902	7,561,295	16,791,919
London	31,374,528	40,923,618	26,091,458	18,292,739
Gen Re	-	-	3,946,376	3,358,200
RGA	61,454,760	52,263,253	14,636,037	36,000,000
ERC *	(32,084,089)	39,525,599	29,514	-
Totals	72,227,446	155,237,372	52,264,680	74,442,858

- UEP = Unearned Premium
- ERC #'s from 2002
- Other incidental players include MEGA, Alabama Re





# OTHER MARKETS

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- Group Financial – 1999 Max Re; Tailwind Re (2007); various RBO's
- Individual Financial – 1997 Centre Re (Customax); Northwind Re (2008)
- Individual Turn-Key – Paul Revere (2); Monarch (6+?); Unum (1); Mass Casualty (1); Munich (1); Berkshire (1); Assurity (1)



# CONCLUSIONS

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1. Things change
2. There is probably unmet demand (esp Fin Re)
3. At any time, it looks like only a certain number of players can be supported in each market
4. Things change...

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