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L'avenir de la réassurance-vie

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Résumé de l'article

Voici un extrait d'une communication présentée au colloque de la Reinsurance Offices Association en mars dernier à l'Université de Sussex en Angleterre. Faute d'espace, nous sommes incapables de reproduire entièrement le travail de Monsieur Steeds. Nous nous contentons de citer ici la partie qu'il a consacrée à l'avenir de la réassurance-vie. Pour avoir le texte au complet, nous renvoyons le lecteur à la brochure publiée par la R.O.A., après le séminaire international du printemps dernier. A

# L'avenir de la réassurance-vie

par

A. J. STEEDS, F.I.A.<sup>1</sup>

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## **The Outlook**

Life Reassurance in the future will be influenced by those social, financial, economic and political factors which influence all human activity today and which certainly influence direct Life business. The most important factors seem to me to be : —

- i) inflation
- ii) changes in marketing methods of direct Life business
- iii) rationalisation of reinsurance operations
- iv) broadening and development of classical reinsurance services
- v) political influences

i) Inflation will continue, together with sporadic attempts to contain it. Rates of interest in fixed interest securities (Government stocks, mortgages, debentures etc.) will accordingly remain high. The terms of trade may move against the more developed countries, reversing the trend of recent years. The effect on Life reinsurance may be to continue the move towards a portfolio of term assurance type, with the control of expenses becoming more and more crucial.

ii) Marketing changes will continue the present trend to more aggressive selling with simpler methods of selection. Life assurance will

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become more widespread throughout society so that there should be a continued increase in Life new business with Life reinsurance growing, but more slowly. There will be less emphasis in the direct office on the underwriting side so that expertise in underwriting will tend to be more and more concentrated in the specialist Life reinsurer. Jumbo risks will still be required, both for reasons of Estate Planning, for « key-man » policies or to cover mortgages. Catastrophe risks, mainly on the Aviation side, are likely to require the reinsurer's help more often.

iii) Rationalisation has often implied a diminution of service. I hope that this will be avoided, because Life Reinsurance exists to provide a service. It must be provided as efficiently and as economically as possible. Life assurance and reinsurance both rely for their continual stability on close control of both assets and liabilities. The need to record individual risks will continue but it is likely to be made easier with the general acceptance of the computer in all insurance operations. This is perhaps the place to mention stop loss cover in Life business, because the elimination of clerical work involved in Life reinsurance is the main argument of its protagonists; stop loss cover is intended to protect the direct office not from a loss on individual risks but from a loss on its entire portfolio, because the actual mortality experience is worse than the expected mortality experience. The cover could be complete or partial. Among a number of technical points, perhaps the most significant is that it is essentially a short term protection for long term liabilities. If underwriting control is adequate, stop loss cover is unnecessary; financial embarrassment for the new office is far more likely to be the result of overspending in the marketing area or of unwise investment policy than of fluctuations in mortality experience. Provided there is adequate capital or free reserves, either explicit or implicit, then stop loss cover is not required. Returning to the theme of rationalisation, it seems clear the simplification of all clerical, statistical, accounting and actuarial work is desirable and will doubtless continue.

iv) The broadening and development of the reinsurer's service is likely to continue. The extension to permanent health insurance involves no new principle but the reinsurer in the U.K. has been in a strong position to help the business to become re-established on sound lines. There is the likelihood that reinsurers will help the direct offices in training underwriters both on the job and in special seminars; they will also help in supplying underwriting material or underwriting manuals; further, there will be some diversification; advice to developing offices

on organisation and administration and on computer systems will be more readily given. The reinsurer must naturally look closely at any such services and, where the cost clearly exceeds any gain likely to be made from reinsurance received, a specific charge for these services may be necessary.

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v) Political influences are likely to increase but to be unpredictable in their effects. In other words, to continue as before. One important political development, the enlargement of the European economic community, is likely to make less difference to reinsurers than to direct offices, because reinsurance has been remarkably unhindered by national boundaries. Decisions to exercise a monopoly in either Life business or reinsurance is likely in some overseas territories, as those familiar with UNCTAD meetings will realise ; reinsurance from some areas may be diminished as a result.

To sum up, Life reinsurance developed purely as a service to the direct Life offices. The need for reinsurance will continue, although Life reinsurance will remain only a small part of the total reinsurance industry. Life reinsurance has been a fascinating field of activity for the comparatively small number of people engaged in it ; one of its chief attractions is the close association which the reinsurer must have with officials in direct offices all over the world. This has been for me and, I am sure, for my colleagues a pleasant and fruitful experience. This, I am sure, will continue.