

Reinsurance

Purpose

At the end of this unit, candidates should be able to understand reinsurance and how it operates.

Assumed knowledge

It is assumed that the candidate already has knowledge of the fundamental principles of insurance as covered in IF1 Insurance, legal and regulatory or equivalent examination.

Summary of learning outcomes	Number of questions in the examination*
1. Know the purpose of, and the parties involved in, reinsurance.	4
2. Understand the different types of reinsurance.	3
3. Understand the features and operation of facultative reinsurance.	2
4. Understand the features and operation of proportional reinsurance treaties.	8
5. Understand the features and operation of non-proportional reinsurance treaties.	7
6. Understand the design and placement of reinsurance programmes.	8
7. Understand legal issues relating to reinsurance.	3
8. Understand reinsurance contract wordings.	5
9. Understand the main features and characteristics of the principal reinsurance markets.	3
10. Understand the principles and practices of different classes of reinsurance business.	7

* The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- Method of assessment:

Mixed assessment consisting of two components, both of which must be passed. One component is a coursework assignment and one is a multiple choice question (MCQ) examination. The details are:

 - an online coursework assignment using RevisionMate consisting of 10 questions which sequentially follow the learning outcomes. This must be successfully completed within 6 months of enrolment; and
 - an MCQ exam consisting of 50 MCQs. 1 hour is allowed for this exam. This exam must be successfully passed within 18 months of enrolment.
- This syllabus will be examined from 1 May 2026 to 30 April 2027.
- Candidates will be examined on the basis of English law and practice unless otherwise stated.
- This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

1. Know the purpose of, and the parties involved in, reinsurance.

- 1.1 Explain the purpose of purchasing reinsurance.
- 1.2 Explain the purpose of selling reinsurance.
- 1.3 Identify the different parties involved in reinsurance and their various roles.

2. Understand the different types of reinsurance.

- 2.1 Outline the main types of reinsurance.
- 2.2 Explain the difference between reinsurance and retrocession.
- 2.3 Discuss the alternatives to conventional reinsurance.

3. Understand the features and operation of facultative reinsurance.

- 3.1 Explain the main features and operation of different types of facultative reinsurance.
- 3.2 Calculate reinsurance premiums and claims recoveries for proportional and non-proportional facultative reinsurance.

4. Understand the features and operation of proportional reinsurance treaties.

- 4.1 Explain the main features and operation of different types of proportional reinsurance treaties.
- 4.2 Explain the main accounting methods for proportional reinsurance treaties.
- 4.3 Discuss different types of commission on proportional reinsurance treaties.
- 4.4 Discuss the use of premium and claims reserves.
- 4.5 Calculate reinsurance premiums and claims recoveries for proportional reinsurance treaties.
- 4.6 Discuss the use of cession and event limits in proportional reinsurance treaties.

5. Understand the features and operation of non-proportional reinsurance treaties.

- 5.1 Explain the main features and operation of different types of non-proportional reinsurance treaties.
- 5.2 Explain the different bases of cover attachment.
- 5.3 Discuss the various types of premium calculation used in non-proportional reinsurance treaties.
- 5.4 Calculate reinsurance premiums and claims recoveries for non-proportional reinsurance treaties.
- 5.5 Discuss the purpose and use of reinstatements.
- 5.6 Discuss the use of event limits in non-proportional reinsurance treaties.

6. Understand the design and placement of reinsurance programmes.

- 6.1 Discuss the factors affecting the design of a reinsurance programme.
- 6.2 Explain the use of reciprocity.
- 6.3 Discuss how security considerations affect reinsurance programmes.

7. Understand legal issues relating to reinsurance.

- 7.1 Discuss the legal requirements for the formation of a reinsurance contract.
- 7.2 Discuss the key issues of interpretation of contractual documents.

8. Understand reinsurance contract wordings.

- 8.1 Describe the main reinsurance clauses and their importance.
- 8.2 Describe the main reinsurance exclusions and their importance.

9. Understand the main features and characteristics of the principal reinsurance markets.

- 9.1 Explain the main features and characteristics of the principal reinsurance markets.
- 9.2 Discuss market cycles.

10. Understand the principles and practices of different classes of reinsurance business.

- 10.1 Explain the main underwriting considerations for specific classes of reinsurance.
- 10.2 Explain which types of reinsurance are best suited to specific classes of reinsurance.
- 10.3 Explain the terms and conditions applying to specific classes of reinsurance.

Additional resources

The following resources may assist you with your studies.

Note: The examination will test the syllabus alone.

Supporting information for the syllabus can be found on the unit page via the CII website. The resources found here: www.cii.co.uk/learning will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text.

Learning support

Reinsurance. London: CII. Study text M97.

Insurance, legal and regulatory. London: CII. Study text IF1

Assessment information

Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:

1. Visit www.cii.co.uk/qualifications
2. Select the appropriate qualification
3. Select your unit from the list provided
4. Select qualification update on the right hand side of the page

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (www.cii.co.uk/login). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.