



2025 FALL CONFERENCE

NOVEMBER 13-14

**MARRIOTT MARQUIS
NEW YORK CITY**

Life's Different

Tips and Tricks for Navigating a
Life Reinsurance Agreement

November 14, 2025

Our Speakers



Christopher Bello
Gen Re Life



Thomas Kinney
Troutman Pepper

Our Roadmap



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Hot Button Issues

DISCLAIMER

Setting the Table

Basics & Vocabulary



The Basics

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Coinsurance

YRT

ModCo

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Key Provisions in a Life Treaty



Life Reinsurance Treaties – Key Provisions

Scope of Agreement	•What does the Agreement cover?
Mechanism for Ceding Risks	•How can the cedent transfer risk to the reinsurer?
Underwriting	•What standards did the cedent agree to follow?
Premium Accounting & Premium Guarantees	•How are premiums calculated, and when can they be changed?
Retention Limits & Recapture	•How much risk is the cedent retaining for itself, and when can it take risk back from the reinsurer?
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Policy Changes / Lapse / Conversion	•What happens when a reinsured risk changes?
Transfer / Continuity of Business	•Protections against counterparty risk?
Good Faith / Hounourable Engagement	•What does the Treaty say about the duty of utmost good faith?

Life Reinsurance Treaties – Scope of Coverage

1.2 Scope of Coverage

This Agreement applies to all directly issued insurance policies and supplemental benefits and riders listed in Exhibit A (hereinafter referred to as "policies" or "policy") and issued in a jurisdiction in which the Company is properly licensed. On and after the effective date of this Agreement, the Company will cede and the Reinsurer will accept its share of the benefits specified in Exhibit A in accordance with the terms of this Agreement. The policies accepted by the Reinsurer will be hereinafter referred to as "Reinsured Policies."

The Company may not reinsure the retained amounts specified in Exhibit D on any basis without the Reinsurer's prior written consent.

This Agreement does not cover the following unless specified elsewhere:

- a) Noncontractual policy changes or group conversions; or
- b) Policies issued under a program where full current evidence of insurability consistent with the amount of insurance is not obtained, or where conventional selection criteria are not applied in underwriting the risk; or
- c) Any conversion of a previously issued policy that had been reinsured with another reinsurer.

Each Reinsured Policy must provide for the maximum periods of suicide and contestability protection permitted by applicable law.

Questions to Ask

- What type of risk does this Agreement cover?
- How can the cedent bind the reinsurer on risks?
- What does the Agreement not cover?

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 662 (Sample Life Treaty)

Life Reinsurance Treaties – Automatic Reinsurance

2.1 Automatic Reinsurance

The Company will automatically cede and the Reinsurer will automatically accept its share of the Company's policies provided that, to the best of the Company's knowledge:

- a) The Company has retained on each life the amount set out in Exhibit D according to the age and mortality rating at the time of underwriting; and
- b) The total of the new ultimate face amount of reinsurance required and the amount already reinsured on that life under this Agreement and all other life agreements between the Reinsurer and the Company, does not exceed the Automatic Acceptance Limits set out in Exhibit E; and
- c) The total new ultimate face amount of insurance on that life in force and applied for with all companies, including the Company, does not exceed the In Force Limits set out in Exhibit E; and
- d) The application is on a life for which the current or any previous application had not been submitted by the Company on a facultative basis to the Reinsurer or any other reinsurer within the last five years, unless the reason for the previous facultative submission was for exceeding Automatic Acceptance Limits or exceeding In Force Limits and no longer applies; and
- e) The Policy is not purchased as part of a premium financing program or third party investment program, unless such programs have been approved in writing by the Reinsurer.

For purposes of this Agreement, "ultimate face amount" will mean, to the best of the Company's knowledge, the projected maximum face amount at the time of underwriting, including any contractual increases, that could be reached based on reasonable assumptions made about the policy.

If the Company is already on the risk for its retention under previously issued policies, the Reinsurer will automatically accept reinsurance for newly issued policies according to the limits set out in Exhibit E, provided the Company has complied with the business guidelines specified in Exhibit A-1 (hereinafter the "Business Guidelines") that would have applied if the new policy had been fully retained by the Company.

Conditions for Automatic Coverage

- Policy must be "covered under this Agreement"
- Cedent Retains amount stipulated in Exhibit D
- Reinsurer accepts risk up to Automatic Acceptance Limits specified in Exhibit E

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 663 (Sample Life Treaty)

Life Reinsurance Treaties – Automatic Reinsurance (Exhibit A)

Exhibit A

Business Covered

Agreement Effective Date:

Month DD, 201X. The commencement dates for specific plans are shown below.

Coverage:

The policies on the plans shown below which have policy issue dates falling in the period that begins with the Commencement Date and ends with the Termination Date and that qualify for automatic reinsurance are covered according to the Basis specified below, provided that the policies are issued to citizens of the United States (and its territories) (or Canada) or legal permanent residents thereof.

Basis: (There may be multiple bases if the basis varies by plan, if so, number each.)

[OPTION 1 – Excess Retention]

___ % of the excess over the Company's retention as stated in Exhibit D, to the maximum of the Automatic Acceptance Limit stated in Exhibit E, applicable to policies on lives with surnames commencing with the letters ___ to ___ inclusive.

[OPTION 2 – First Dollar Quota Share]

___ % on a First Dollar Quota Share basis (___ % of the total reinsurance) to the maximum Automatic Acceptance Limit stated in Exhibit E, applicable to policies on lives with surnames commencing with the letters ___ to ___ inclusive.

Company's State of Domicile:

Plans, Riders and Benefits:

Plan Identification	Exhibit Reference for Rates	Basis No. (As specified above)	Commencement Date	Termination Date
Plan Name or Code	C-I	I	Month DD, 20XX	

Defining the Covered Business

- “All Product” v. Specified Products
- Riders and other non-mortality benefits
- Jurisdictional Limitations?

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 687 (Sample Life Treaty)

Life Reinsurance Treaties – Automatic Reinsurance (Exhibit D)

Exhibit D

The Company's Retention Limits

Life:
[First 5 Quota Share]
The Company will retain ___ % of each Policy, not to exceed its Retention Limits stated below.

Issue Age	Standard to Table ___	Table ___ to Table ___

[Excess over Retention]
The Company will retain its Retention Limit, as stated below.

Issue Age	Standard to Table ___	Table ___ to Table ___

[It is understood that the amount retained by the Company includes its retention under any in force policies without the benefit of other reinsurance.]

Waiver of Premium: 5 _____

Accidental Death Benefits: 5 _____

The Company will retain on Life benefits before applying its retention to ADB benefits.

Risk Retention:

[Constant Risk Retention]
The Company will retain a constant amount of the net amount at risk on a policy. Any change in the net amount at risk due to changes in the cash value applicable to the policy will be allocated to the reinsurers.

Defining the Retention

- Quota share v. Excess
- Maximum retention limits
- Specialized sub-limits?

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 695 (Sample Life Treaty)

Life Reinsurance Treaties – Facultative Reinsurance

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Facultative Reinsurance

Policies that do not qualify for automatic reinsurance hereunder may be submitted to the Reinsurer on a facultative basis. Additionally, policies that qualify for automatic reinsurance may be submitted to the Reinsurer for facultative consideration. If a policy that qualifies for automatic reinsurance is submitted to the Reinsurer or other reinsurers for consideration, the policy will be treated as if proposed on a facultative basis.

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 663 (Sample Life Treaty)

Conditions for Facultative Consideration

- Reinsurance would exceed Automatic Acceptance limits
- Cedent intends to retain less than its automatic retention
- The new policy (plus any prior coverages) would exceed the Jumbo Limit
- The cedent previously submitted a facultative application on the individual for another policy
- The cedent chooses to submit the policy for facultative consideration

Life Reinsurance Treaties – Premium Accounting

1.1 Premium Accounting

The Company will pay the Reinsurer premiums in accordance with the terms specified in Exhibit C-1.

The method and requirements for reporting and remitting premiums are specified in Exhibit E.

1.2 Currency

All payments due under this Agreement will be made in U.S. Dollars.

1.3 Non-Payment of Premiums

The payment of reinsurance premiums is a condition to the liability of the Reinsurer for reinsurance provided by this Agreement. If reinsurance premiums are not paid within 60 days of the due date, the Reinsurer may terminate reinsurance for all Reinsured Policies having reinsurance premiums in arrears. If the Reinsurer elects to terminate any Reinsured Policies after such 60 day period, it will then give the

Company at least 15 days' prior written notice of its intention to terminate such reinsurance. If all reinsurance premiums in arrears, including any which may become in arrears during such 15 day notice period, are not paid before the end of the notice period, the Reinsurer's obligations for those Reinsured Policies will be limited to obligations relating to events arising on or before the last date for which reinsurance premiums have been paid in full for each Reinsured Policy.

If reinsurance is terminated according to this Article, unearned premiums, net of outstanding balances, will be paid by the party with the positive balance.

How Are Premiums Calculated?

- See “Exhibit C-1”

How Are Premiums Paid?

- See “Exhibit F”

What Happens if the Cedent Doesn't Pay?

- Reinsurer can charge interest
- Reinsurer can terminate

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 665-66 (Sample Life Treaty)

Life Reinsurance Treaties – Premium Accounting (Exhibit C-1)

Premium Calculation

- Rates are set out in sub-parts of Ex. C-1
- Premiums are product of rates and the NAR, less the appropriate allowance.
- Allowances can vary by class and duration.

Rates and Terms for [Specific Plan Name(s)]

1. Reinsurance Structure:

2. Age Basis:

3. Premium Mode:

4. Billing Frequency:

5. Premiums:

Basic Premiums:

The Company will pay to the Reinsurer a basic premium calculated by multiplying the net amount at risk of the Reinsured Policy, as defined in the Net Amount At Risk provision of this Exhibit, by the appropriate rate from the set of rates which have been included both at the end of this Exhibit and provided separately to the Reinsurer in an electronic format, subject to the percentages shown below. The Company will continue to pay the appropriate premium to the Reinsurer as long as the Reinsured Policy is in force.

The following percentages will be applied to the reinsurance premiums payable hereunder:

Policy Year 1

Policy Year 2+

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 692 (Sample Life Treaty)

Life Reinsurance Treaties – Premium Rate Guarantees

11. Rate Guarantee:

The reinsurance rates set out in this Exhibit are guaranteed for the first policy year. In subsequent policy years, the Reinsurer reserves the right to increase the premiums for reinsurance but not above the greater of the guaranteed premium (or Maximum Cost of Insurance Rates for Universal Life plans if applicable) charged to the policyholder or the statutory net valuation premium applicable to the Reinsured Policies after increase.

If the Reinsurer exercises its right to increase reinsurance premiums under the Agreement in an amount greater than that required to ensure that the Reinsurer will participate in its share of any increases in premium rates (or to the Cost of Insurance Rates for Universal Life plans) or other costs, charges or fees as implemented by the Company for the Reinsured Policies, the Company may recapture all of the Reinsured Policies on which reinsurance rates have been increased regardless of the Reinsured Policies' duration in force. If the Company elects to recapture reinsurance under this provision, unearned premiums, net of outstanding balances, will be paid by the party with the positive balance.

12. Deficiency Reserve:

No deficiency reserves will be held by the Reinsurer for the Reinsured Policies.

Premium Guarantee

- One year only
- “Reserves the right”
- Option to recapture in lieu of paying rate increase.

No Reserve Financing

- Reinsurer won't hold reserves required to be held by the cedent

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 692 (Sample Life Treaty)

Life Reinsurance Treaties – Changes to Inforce Policies

Article 7

7.1	Conversions
7.2	Policy Changes
7.3	Reductions
7.4	Lapses
7.5	Reinstatements
7.6	Reinsurance Limits

Conversions

- What happens if a policy reinsured to the Treaty converts to another type of product?

Policy Changes

- What happens if the plan, amount, or premiums of a policy are changed?

Reductions

- What happens if the amount of insurance on a reinsured policy is reduced?

Lapses

- What happens if a reinsured policy lapses?

Reinstatements

- What happens if a lapsed or terminated reinsured policy is reinstated?

Minimum Reinsurance Limit

- Establishes a floor on the amount of net amount at risk for reinsured policies.

Life Reinsurance Treaties – Increase in Retention & Recapture

8.1 Retention Limit Change

If the Company changes its retention limit (hereinafter “Retention Limit”), it will provide the Reinsurer with written notice of the new Retention Limit at least 90 days prior to the effective date. Changes to the Company's Retention Limits in Exhibit D will not affect the Reinsured Policies in force at the time of such a change except as specifically provided for elsewhere in this Agreement, and will not affect the Automatic Acceptance Limits in Exhibit E unless mutually agreed in writing by the Company and the Reinsurer.

If the Company decreases its Retention Limit, no reinsurance may be ceded on an automatic basis until the parties have reviewed and either expressly affirmed or revised the terms specified in Exhibit C-1 and the Automatic Acceptance Limits set out in Exhibit E.

8.2 Recapture

[Option 1]

Reinsured Policies will not be eligible for recapture, whether due to an increase in the Company's retention or otherwise. The Reinsurer will consider a request by the Company to recapture, but will agree to the request only if the Company and the Reinsurer agree upon recapture terms.

Retention Limit Changes

- Retention limits are the maximum dollar amount of risk that cedent will retain on a given life.
- As set forth in Ex. D, can vary by age and risk class.
- Companies increase maximum limits when they decide they can internalize more risk.
- Retention limit increases are prospective only, unless requirements for recapture are met.

Life Reinsurance Treaties – Increase in Retention & Recapture

[Option 2A Excess Share]

The Company may apply an increase in its Retention Limit to reduce the amount of inforce reinsurance ceded on an automatic basis provided that:

- a) The Company gives the Reinsurer irrevocable written notice of its intention to recapture; and
- b) Recapture will be effected on the next anniversary of each Reinsured Policy eligible for recapture unless agreed otherwise by both parties and with no recapture being made until the Reinsured Policy has been in force for the period specified in Exhibit C-1. For a conversion or re-entry, the recapture terms of the original policy will apply and the duration for the recapture period will be measured from the effective date of the original policy; and
- c) The Company has maintained, from the time the policy was issued, its full retention as set out in Exhibit D, and has applied its increased Retention Limit to all categories set out in Exhibit D.

In applying its increased Retention Limit to Reinsured Policies, the age and mortality rating at the time of issue will be used to determine the amount of the Company's increased retention. The amount of reinsurance eligible for recapture will be the difference between the amount originally retained and the amount the Company would have retained had the new retention been in effect at the time of issue. The amount of reinsurance eligible for recapture will be determined based on the reinsurance net amount at risk as of the date of recapture. If there is reinsurance with other reinsurers on risks eligible for recapture, the reduction will be applied pro rata to the total outstanding reinsurance.

Recapture is optional, but if any reinsured business is recaptured, all eligible reinsured business defined as similarly underwritten must be recaptured. In addition, all life risks reinsured under any other reinsurance agreement between the Reinsurer and the Company which are eligible for recapture must be similarly recaptured. No reserves for the recaptured business will be paid to the Company by the Reinsurer.

Effective as of the recapture date, the Reinsurer will not be liable for any eligible business which was overlooked. The parties' obligations for any recaptured business will be limited to those relating to events or circumstances arising or occurring before the recapture date, including payment of the termination settlement amount.

Upon recapture, each party will be deemed to be fully and finally released from all obligations under this Agreement with respect to the recaptured business.

Common Recapture Conditions

- Notice Period.
- Recapture Period.
- Retention Requirement.
- Anti-Cherry Picking.

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 670 (Sample Life Treaty)

Life Reinsurance Treaties – Increase in Retention & Recapture

[Option 2B Quota Share]

Reinsured policies will not be eligible for recapture due solely to an increase in the Company's quota share percentage retained. The Company may apply an increase in its Retention Limit to reduce the amount of inforce reinsurance ceded on an automatic basis provided, however, that:

- a) The Company gives the Reinsurer an irrevocable written notice of its intention to recapture; and
- b) Recapture will be effected on the next anniversary of each Reinsured Policy eligible for recapture unless agreed otherwise by both parties and with no period specified in Exhibit C-1. For a conversion or re-entry, the recapture terms of the original policy will apply and the duration for the recapture period will be measured from the effective date of the original policy; and
- c) The Company has maintained, from the time the policy was issued, its quota share retention as set out in Exhibit D, and has applied its increased Retention Limit to all categories set out in Exhibit D.

Common Recapture Conditions

- Notice Period.
- Recapture Period.
- Retention Requirement.
- Anti-Cherry Picking.

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 671 (Sample Life Treaty)

Life Reinsurance Treaties – Payment of Claims

9.1 Claims Notice and Consultation

The Company is responsible for the settlement of claims in accordance with applicable law and policy terms. It is the Company's sole decision to determine whether a claim is payable under the policy. For purposes of this Article, Reinsured Policies include conditional receipts and temporary insurance agreements covered under the terms of this Agreement. It is a condition to the Reinsurer's obligation to pay a claim that the Company notify the Reinsurer in writing as soon as possible. The Company will promptly provide the Reinsurer with copies of all claims documents.

As a condition to the Reinsurer's obligation to pay a claim, before making a claim decision or settlement offer, the Company will seek the Reinsurer's recommendation on such matters to the extent specified in Exhibit C-1. The Reinsurer will promptly make a recommendation; failing such, the Company may settle the claim without further consultation. The terms of Exhibit C-1 notwithstanding, the Company may request a recommendation from the Reinsurer on any claim on a Reinsured Policy. The Company will provide the Reinsurer all information, including underwriting files, reasonably requested by the Reinsurer for consideration of any claim on a Reinsured Policy.

9.2 Claims Payment

The Reinsurer will be liable to the Company for its share of the benefits owed under the express contractual terms of the Reinsured Policies and as specified under the terms of this Agreement. The Reinsurer will not participate in any ex gratia payments made by the Company (i.e., payments the Company is not required to make under the Reinsured Policy terms.) The payment of death benefits by the Reinsurer will be in one lump sum regardless of the mode of settlement under the Reinsured Policy. Benefit payments from the Reinsurer will be due within 30 days of the claim satisfying the requirements established under this Agreement. The Reinsurer's share of any interest payable under the terms of a Reinsured Policy or applicable law which is based on the death benefits paid by the Company, will be payable provided that the Reinsurer will not be liable for interest accruing on or after the date of the Company's payment of benefits nor for interest paid on premium refunds, policy dividends, or any other component other than the death benefit. The Reinsurer's share will be based upon the net amount at risk at the time of death and at the same interest rate and days used by the Company to calculate their interest paid.

“Contestability Period”

- Time-bar on contesting claims on life insurance policies.

Notice and Access to Records for Contestable Claims

- Cedents are generally required to provide reinsurers with notice and copies of all papers associated with the claim and relevant to the reinsurer's consideration of a claim

Reinsurers Pay Valid Claims

- For claims outside the contestability period, the Reinsurer is liable to the Company for the benefits reinsured.

Life Reinsurance Treaties – Duration of Agreement

16.1 Duration of Agreement

This Agreement is unlimited as to its duration.

The Reinsurer or the Company may terminate this Agreement or any plan listed in Exhibit A with respect to the reinsurance of new business by giving at least 90 days' written notice of termination to the other party or pursuant to Article 15.1 of this Agreement. During the 90 day notification period, the Company will continue to cede and the Reinsurer will continue to accept policies covered under the terms of this Agreement.

The Reinsurer remains liable for all Reinsured Policies in force as of the date of the termination, until their natural expiration, unless the parties mutually decide otherwise or as specified otherwise in this Agreement. All provisions of this Agreement will survive its termination to the extent necessary to carry out its purpose.

Life Reinsurance Treaties – Continuity of Business Practices

15.1 Business Continuity

All Reinsured Policies will be issued and administered in accordance with the Business Guidelines. The Company will notify the Reinsurer of any change that materially affects the reinsured business. Such changes include, but are not limited to, changes to the Business Guidelines, including material changes in premium rates or cost of insurance rates charged, a material change in the target spread used to manage crediting rates or in the method used to determine crediting rates, or outsourcing of functions such as underwriting, reinsurance administration, or claims. If the Reinsurer agrees to accept policies affected by the outsourcing, the Company will secure the Reinsurer's right to audit and inspect the party performing such outsourced services. This Agreement will not cover policies affected by such changes unless the Reinsurer has agreed in writing in advance with the changes.

If Reinsured Policies are not covered due to an unapproved material change, all payments between the Company and the Reinsurer with respect to the affected Policies shall be refunded, excluding items relating to reserves or interest on reserves. No liability shall remain with the Reinsurer with respect to such Policies.

Life Reinsurance Treaties – Good Faith

13.3 Utmost Good Faith

All matters with respect to this Agreement require the utmost good faith of each of the parties.

See Tiller & Tiller, *Life, Health & Annuity Reinsurance* (4th Ed.) at p. 681 (Sample Life Treaty)

Hot Topics

Emerging Issues in Life Disputes



Common Types of Life Reinsurance Disputes

YRT Rate
Increases

Contractual
Recapture

Transfer of
Inforce
Business

Underwriting
Disputes

Reinstatement
of Lapsed
Policies

Questions ?

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