



### Working Party Terms of Reference

Date approved:	WP set up approved at Life Board 9/9/25
Research topic/title:	Systemic Risk of Reinsurance
Research shadow:	Tbc
Source of idea/initiator:	Life Board
Chair:	Tbc
What issue is this research topic trying to address?	<p>Context: The growing use of and reliance on reinsurance/retrocession and other risk transfer techniques by direct insurers and reinsurers spanning different jurisdictions may be giving rise to concentration risks (both in terms of jurisdiction and counterparty) and other risk exposures that are not visible or properly understood by (re)insurers themselves, rating agencies and shareholders or by regulators whose remits concern the safety and soundness of individual firms but also wider financial stability.</p> <p>Against this backdrop, the proposed research would seek to consider reinsurance from a systemic perspective<sup>1</sup> and address the following questions:</p> <ul style="list-style-type: none"> <li>• Are ultimate reinsurance counterparty exposures understood by (re)insurance firms and other stakeholders, and if not, how can concentration risk (e.g. relating to a few global players) and interconnections and/or critical interdependencies be identified, measured and managed?</li> <li>• What other sources of systemic risk could be building up and which are not being identified and addressed, and what systemic risk do they potentially pose (e.g. potential mispricing of risk such as climate risk)?</li> </ul>
Who will be the audience for this research? <i>Who will this research be of interest to – who will be the end consumer for the research</i>	Insurance CROs and risk actuaries Other stakeholders including financial regulators and investors in the insurance sector.
What are the potential outputs/deliverables of this research?	Research paper, short articles, conference presentation, roundtable
What are the time scales of this research?	12 – 24 months
What recent work has been done in this area within the profession? <i>Please email <a href="mailto:libraries@actuaries.org.uk">libraries@actuaries.org.uk</a> and other professions/academia</i>	Tbc. Will evaluate the IAIS framework on systemic risk.

<sup>1</sup> By systemic, we mean risks, characteristics or possible events that have the potential to affect the stability of the insurance sector in a particular country/region, or in extremis, the entire financial system. In the context of this exercise, a source of systemic risk would be reinsurance recoverables that become hard to collect under stress, or the failure of a dominant reinsurer or a dominant reinsurer exiting a key product line.



<p>Will third party data be used? <i>If so, a protocol will be developed to support you</i></p>	<p>Potentially approach risk functions (surveys, interviews, etc).</p>
<p>Proposed membership: <i>The IFoA is registered as a Data Controller in terms of the Data Protection Act 1998. The contact details provided (i.e. names and email addresses) will be shared among the members of this working party, the Practice Area Research Committee and the relevant Practice Area Board in relation to the research topic detailed above. The information provided will be used for the purposes of facilitating the completion of the proposed research. The IFoA will not pass personal information to any other third party without consent. Please contact <a href="mailto:professional.communities@actuaries.org.uk">professional.communities@actuaries.org.uk</a> with any concerns.</i></p>	<p>Joint collaboration between at least Life and Risk practice areas. Considering GI.</p> <p>One Chair One Deputy Chair Circa 6 further members including risk practitioners and at least one academic specialist if possible</p>
<p>If currently operational, add list of members:</p>	
<p>Additional volunteers required:</p>	
<p>Frequency and type of meeting:</p>	<p>Fortnightly, mostly online</p>
<p>Engagement with external stakeholders: <i>Public Affairs will support and arrange for you</i></p>	<p>tbc</p>
<p>IFoA resource and support required: <i>The Communities Engagement and Knowledge teams can offer various levels of support during the life of your working party; however, we would ask that a member of your working party be responsible for keeping minutes or action points from each of your meetings.</i> <i>It is important that the working party provides updates to the IFoA/working party shadow on an ongoing basis, preferably after every meeting. This ensures that the Board and other relevant parties are kept informed of the work of the working party.</i></p>	<p>Online collaboration space Potential support with approaching practitioners (surveys, interviews, roundtables, etc)</p> <p>Support from LRC and IFoA RTLC in identifying overlaps with other WPs (Funded Re, Climate, etc) and supporting collaboration.</p>



## Working Party Terms of Reference

(In conjunction with the 'Guidance for Member Led Research Working Parties' and the Volunteer Induction Pack)

### Legal Issues to Note

#### Intellectual property issues

As our members and the wider public will appreciate, we want to ensure that the work produced by our working parties remains the intellectual property of the IFoA and not of individual members, their employers or of the working party itself. This means that that work can be used and disseminated by the IFoA to its members, stakeholders and the wider public to advance all matters relevant to actuarial science and promote the work of the wider actuarial profession.

The IFoA is very grateful to the members and their employers for the time, effort and work which is devoted to the working parties for the shared benefit of all members and the public. However, we also appreciate that employers may have their own intellectual property rights in that material – or even license it to/from third parties – and we need to make sure that the working party is not using that material without the employer's, or third party's consent. Members should remember that they need to get the consent of their employer or relevant third party to bring that material to the working party to use.

In recognition of the support provided by individuals and their employers, all material which is permitted to be used will, of course, be credited – noting the sources or contributors by name in the final work product generated by our working parties. Employers can also raise their own profile by allowing staff to sit on working parties and to have their firms acknowledged as supporting contributors in the final products.

The IFoA has some very short consent forms for our members to use if they do wish to use their employer's or a third party's work which will enable the Executive to compile a list of contributors to be referenced in the final work product. Please approach your relevant Practices Manager for more details. Again, the IFoA cannot provide members with advice in relation to intellectual property law and members may need to consult their own in-house lawyers or external legal advisers about this if they are in any doubt as to their obligations or if they have any concerns.

#### Further guidance

- The [UK Intellectual Property Office](#) has some helpful guidance for members on basic intellectual property issues.
- The World Intellectual Property Office's website also provides some [helpful guidance on intellectual property matters](#).

#### Competition law issues

It is the IFoA's policy to comply with competition law – this applies both to the IFoA itself and to our members. Some working parties will come across competition law issues due to the nature of their research work. Members who are on such working parties must be aware of this issue and be prepared to take steps to avoid any breach of the relevant competition laws.

We have produced an informative video clip which sets out some helpful guidance that working party members should bear in mind regarding competition law. However, we cannot provide advice to members, individual members may need to consult their own in-house lawyers or external legal advisers about this if they are in any doubt as to their obligations or if they have any concerns.

For members who are interested, the IFoA has also produced a short note on competition law issues which may impact our working party members. (See Appendix B, page 15).

#### Further guidance

The Office of Fair Trading (OFT) investigates competition law issues and has some [handy guides](#) which members might find useful.

The OFT also mentions the [Competition Pro Bono Scheme](#) which offers some free legal advice to individuals and businesses who believe that their rights under competition law have been infringed or who are concerned that they may be in breach of any relevant laws. Members may also find this useful.

#### Conflicts of Interest

Consider any conflicts of interest issues which might arise by virtue of a member's membership on the working party and which might breach the [Actuaries' Code](#) provisions.