



Norsk Naturskadepool

Norwegian Natural Perils Pool

To members of The Norwegian
Natural Perils Pool

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Retention 2014

Reinsurance Program 2014

In the process working with the reinsurance program for the Norwegian Natural Perils Pool – 2014, the retention level is subject for a review. This review is based on the 2013 annual meeting who approved the revision of the Reinsurance strategy document, distributed in Circular 2/13

The Reinsurance Principals Section 3.1.2 states;

“Retention

The retention on the reinsurance programme must strike a balance between risk tolerance per loss event and participants’ combined reinsurance costs.

The retention is to be set on the basis of a statistical model of the Pool’s own losses.

Technical methodologies based on one or more of the three main suppliers of catastrophe risk models may also be used:

- AIR Worldwide (AIR)
- Risk Management Solutions (RMS)
- EQECAT

The retention is to take account of return periods, such that the reinsurance programme covers loss events with a return period (how often they are expected to recur) of 10-15 years.

Based on the model results, the retention level is to be considered in the light of prices and terms in the reinsurance market. “

This circular’s intention is meant as a preliminary information that the retention level may be increased for 2014, and therefore make each Member Company aware of, and even considering the procurement of any protection under possible new level.

The new level of the retention is not yet decided, therefore a new circular will be distributed as soon as this level is known.

Best regards

The Norwegian Natural Perils Pool

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