## Appendix – Recapture transaction template

There are two types of recaptures that may occur 1) contractual; and 2) non-contractual. For contractual recaptures the client may recapture policies after being inforce an agreed upon amount of time that is stated in the reinsurance treaty. A recapture will result in the ceding company retaining all of the risk and the impacted policies will no longer be reinsured. When the client is assessing whether to initiate a recapture program they will have discussions with the reinsurer to reach agreement and discuss when the expected transactions will be reported and the effective date.

Non-contractual recaptures requested by the client require review and approval by the reinsurer before reported. The client will send information to the reinsurer such as volume, number of records, how claims will be handled, how true-ups will be handled, etc. The proposal will be reviewed by the reinsurer to calculate any fees, transfer of reserves or pricing changes for the requested recapture. If agreed upon, a legal amendment will be created and approved by both parties before proceeding.

There are two methods of reporting recaptures. For the first type all policies are recaptured as of one transaction effective date. The second type of recapture each policy is recaptured on the policy’s next renewal date resulting in all recaptures completed in a one year timeframe when reported annually.

The recapture transaction may be reported as a single transaction or can be reported as more than one transaction. The preferred reporting method if recapture covers more than one renewal period is to have multiple transactions. If the client has reporting issues or questions they should work with the reinsurer to resolve it to ensure both parties are knowledgeable of the issues.