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“RAPA” Origins: Reinsurance Administration Professionals Association

By Greg LaRoche

Reinsurance is complicated. Throw in a group of actuaries with moustaches and/or teased hair from the 1980s along with some grain, hops, yeast, and water; allow adequate time for fermentation and reinsurance goes from complicated to incoherent.

And here begins the origins of the reinsurance administration professionals ...

RAPA is the Reinsurance Administration Professionals Association, an organization whose members are life and health insurance professionals around the globe responsible for the administration of reinsurance between direct writers, reinsurers, and retrocessionaires.

Originating as the Reinsurance Administration Roundtable this group of senior administrative professionals began its journey by meeting informally at a roundtable prior to the annual Canadian Reinsurance Conference to discuss common administration practices, concerns, and solutions. Tasked with putting reinsurance terms into action for the next 80 years or so (depending on your view of mortality improvements), the goal was to enhance their respective companies' administrative operations through information sharing and creative problem solving.

The Admin Roundtable discussions quickly evolved from their roots in the 1980s, to a mature association by partnering with LOMA to create RAPC—The Reinsurance Administration Professional's Committee. Through its partnership with LOMA, RAPC would help create professional education programs that could be easily accessible to the reinsurance industry. *The Introduction to Reinsurance* text was initially created and ultimately became the *Associate, Reinsurance Administration*¹ (ARA) course book and professional designation during the late 1990s and is still a key resource today. It is a remarkable tool for those looking to grasp reinsurance principles, the financial importance of reinsurance, and the development, administration and auditing of reinsurance products. Essential learnings include:

- Key players and the reasons for using reinsurance;

- Laws and regulations affecting reinsurance transactions;
- Provisions of a reinsurance contract and how they affect the administration of reinsurance transactions; and
- Processes involved in the administration of new business, in-force business, and terminations.

As the organization grew in size and importance it moved swiftly into the new millennium and the name was formally changed to RAPA, the Reinsurance Administration Professionals Association, becoming its own not-for-profit association. The ultimate purpose of the association had now crystallized ...

“to improve the effectiveness and efficiency of its members' reinsurance administration processes, which include treaty management, reinsurance processing, claims processing, premium accounting, and reporting. RAPA's objectives are accomplished through issue-oriented initiatives that research, define, and recommend best practices. These best practices are in the areas of business processes, procedures, technologies and management of data. As an association we focus on providing educational materials on topics such as audit best practices, data management, and reinsurance treaty fundamentals.”

In 2008, the RAPA Audit Committee published a reinsurance *Operational Risk Management* book² to capture audit best practices including preparation and execution, all the way through to the final audit report. A very comprehensive read that will benefit those in an analytical role and/or audit function.



Education continues to be at the forefront of the association and to supplement the ARA designation; new learning tools were developed by RAPA to help those new to reinsurance to quickly learn the concepts and terminology. The Supplement to Reinsurance Basics Program consists of four short courses:

- Reinsurance Overview,
- Reinsurance Operations Overview,
- Reinsurance Basics, and
- Supplement to the Reinsurance Basics.

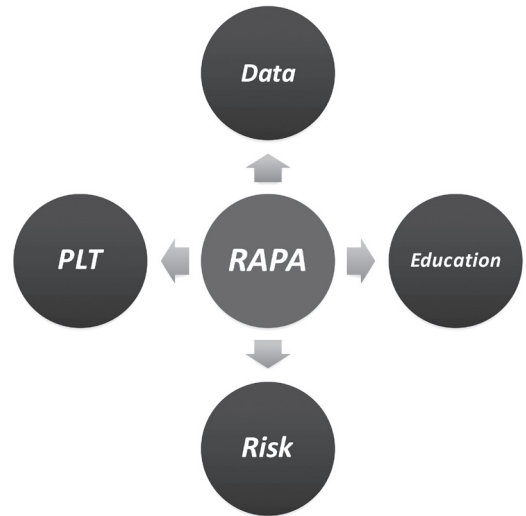
The per course cost is only \$42 for members or you can choose the entire collection for \$100. See the endnotes for to links to RAPA material.³

Over the past couple of year's RAPA's primary focus has been on four key initiatives. These initiatives aim to help improve the effectiveness and efficiency of RAPA member's reinsurance administrative operations through understanding processes and information sharing. The initiatives' work provides the opportunity for members to work together on education and training, and to benefit from a robust collaboration with industry experts within the working groups. The initiatives and purpose are as follows:

- **Data:** To create a "Guideline for Reinsurance Reporting" document for best practices in specific areas of reinsurance administration and data quality. Topics include conversions, communication/notification reporting, taking a treaty from paper to system implementation, samples of typical reporting (exhibits, transaction/in-force files, etc.). There are four versions available on the RAPA website.⁴
- **Education:** To develop training material presented as a workflow chart for different functions (direct writer, reinsurer, retrocessionnaire) along with a case study to illustrate the impact of processing by using the workflow charts.

The workflow charts for new business and new treaty set up as well as changes, maintenance, and terminations have been completed and are available on the RAPA website.⁴

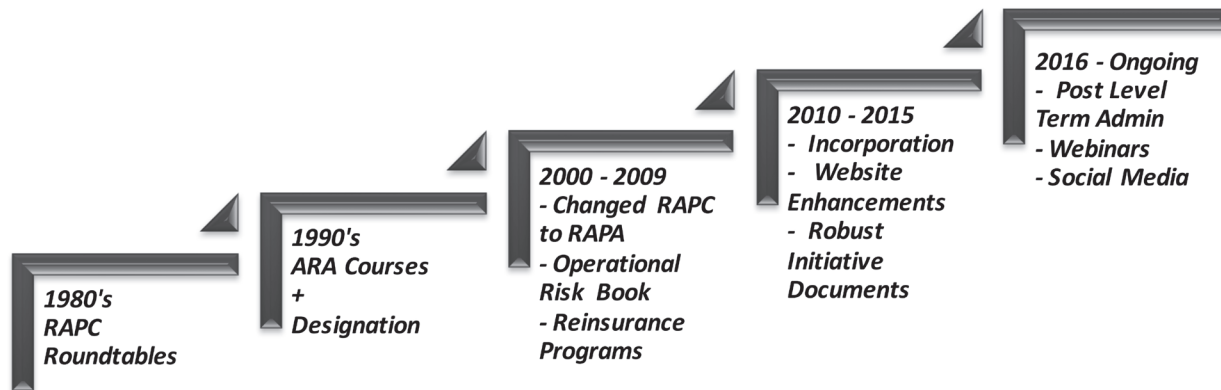
- **Risk Management:** This is a relatively new initiative with a focus on the development of tools and techniques to provide guidelines on reinsurance risk management methodology



and approach. Particularly relating to risk assessment and auditing and compliance reviews of the reinsurance administration function of the direct writers, reinsurers and retrocessionnaires. The initiative is divided into two sub-teams, i) Reinsurance Administration Risk Assessment, and ii) Reinsurance Administration Audit and Compliance Reviews.

- **Post Level Term (PLT):** Given the industry focus and administration complexities surrounding PLT, this new initiative has just kicked off. The intent is to gain insight on administration issues and capture best practices with the goal of deliv-





ering a white paper document. Subsequently, RAPA will look for opportunities to present its findings at industry meetings.

RAPA meetings are held on two occasions every year and include breakout sessions with the initiative leads and members. The first, Spring Meeting, which takes us back to the origins of the association, is a half-day session held in Toronto the day prior to the Canadian Reinsurance Conference.

The second occurs in the fall and is a much more robust conference, which was first held back in October 1997. 2016 will be the 19th annual RAPA conference⁵ which will be held in San Antonio, Texas from Oct.16–18.

Topics for this year’s conference range from workplace efficiencies, corporate culture, reinsurance perspectives on operations & IT, and defining gender. Also, a new innovative approach to our annual meeting will be on the RAPA Chats which will be brief reinsurance specific presentations from experts on retention management, risk-based audit, MIB trends, PLT, and E&O.

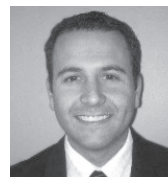
RAPA is a non-profit association which continues to deliver crucial reinsurance learning tools and techniques available at a very low cost. Membership to join the association is only \$75 and individuals are welcome to participate in the initiatives. The annual conference is also very cost efficient as members only pay \$375, which covers food and beverage. We strongly encourage companies to invest in their company and employees by ensuring representation on the association.

While RAPA continues to stand the test of time, the relationship between actuaries and administration has never been more important. Big data has been an emerging theme in our industry

and relying on sound/quality data with timely analytics/reporting is critical to our business. Experience studies, new product development, post level-term risk mitigation/opportunities, and simplified underwriting are a few examples of how we have been relying on our data to springboard our organizations into the future.

The great work that RAPA does wouldn’t be possible without the support from the industry as well as our sponsors (Protective Life, Canada Life, Munich Re, Swiss Re, RGA Re, Optimum Re, LOGIQ3, Scor Re, Hannover Re, and Aurigen Re).

Take your organization to the next level and *Join today!*⁶ ■



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ENDNOTES

- ¹ <http://www.loma.org/ProfDev/Designations/ARA.aspx>
- ² <http://www.lulu.com/shop/rapa/operational-risk-management-2nd-edition/hard-cover/product-5456056.html>.
- ³ http://learning.loma.org/public/SearchResults.aspx?CTGYLCL_CATEGORY_ID=-DA28E2A4D4C947DBA225A9752C9C8954&CNTLCL_LOCALE_ID=en-us
- ⁴ <http://reinsadmin.org/initiatives/>
- ⁵ <http://reinsadmin.org/wp-content/uploads/2015/06/2016-RAPA-2016-04-15.pdf>
- ⁶ <http://reinsadmin.org/membership-information/>