

COURSE STRATEGY GUIDE



CP 341 – Advanced Life Reinsurance

Nov 2025/Mar 2026/Jul 2026

This Course Strategy Guide (“Guide”) provides an overview of CP 341, to help the candidate understand the essence of this course and to provide a guide for how to prepare for the course assessment. However, while this Guide can be a valuable aid in preparation, the material in this Guide will not be tested. Once you’ve covered the course materials the intention is for the candidate to gain an understanding of the structuring, accounting, regulatory, and operational considerations for the ceding or assuming reinsurance.

I. Purpose of this Course

The purpose of Course 341 is to continue the reinsurance education for our candidates at the FSA education level by covering more complex reinsurance structures and providing a solid foundation of reinsurance accounting, administration, and regulatory frameworks. Reinsurance is an important component of the global insurance market and it is important to many actuarial professionals. Thus, it is important for our candidates to gain a thorough understanding and knowledge of the types of reinsurance arrangements, key elements of risk transfer, and the various accounting and regulatory considerations which may apply.

Recent developments include the use of offshore reinsurance, and the increased interest of private equity firms in managing insurance and reinsurance portfolios. This course covers asset intensive reinsurance transactions and pension risk transfer transactions, including those with offshore companies and private equity reinsurers. The course includes current regulatory views on both these newer developments and more traditional reinsurance transactions.

This course is a good supplement to all fellowship specialties, especially for candidates with an interest in the application of reinsurance to individual life and annuities, group life and health, retirement products, and to general insurance company risk management.

It should also be noted that this exam is a standalone elective that presumes some knowledge of the basics of insurance (individual life insurance, group life and health, and pensions) If a candidate is not familiar with the basic concepts of Individual Life and Annuities or Group and Health Insurance, we recommend reading the intro materials from the ILA 101 and/or GH 101, respectively.

II. Exam Syllabus Learning Objectives and Learning Outcomes

Four topic sections are chosen for this course:

1. Types of Reinsurance Arrangements and Methods

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2. Transferring Risk
3. Key Accounting and Regulatory Considerations
4. Reinsurance Administration and Management

It should be noted that many of the “Life, Health & Annuity Reinsurance” chapters provide numerical examples for the various financial considerations of reinsurance, which the candidate should work through and become familiar with. These examples are meant to give the candidate a fairly in-depth view on financial impacts of reinsurance which are relevant to the Learnings Objectives.

These four topics are chosen for the following reasons:

Topic 1: Types of Reinsurance Arrangements and Methods

At its most basic function, reinsurance is insurance for an insurance company. Reinsurance can be used to meet several insurance company objectives, such as offering increased capacity, catastrophe protection, risk diversification, and financial stability. Reinsurance plays an important role in a robust offering of financial products to consumers, and to economic stability in general.

To those unfamiliar with reinsurance, the terminology and vocabulary may seem confusing at first. Terms such as retention, indemnity, stop loss, and funds withheld are not ones that candidates are likely to be familiar with. We first introduce the basic terms and concepts that apply to reinsurance with the following materials chosen to align with Learning Outcome 1a:

- CP341-100-25: The Essential Guide to Reinsurance (background only)
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 1: Basic Terms and Concepts

We then introduce candidates to the basic methods and types of reinsurance, generally used to cover new business that is written by the direct insurance company. These include automatic versus facultative reinsurance, as well as the associated concepts of retention, binding limits, and participation limits. The basic forms of yearly renewable term, coinsurance, and modified coinsurance are explained with numerical examples. Certain structures of reinsurance can often be more relevant for certain product types than others, so an interaction of reinsurance and product type is naturally woven into some of the materials. By understanding the intention of these different types of reinsurance, it will help the exam taker form a conceptual understanding of how different types of reinsurance should impact the cashflows of cedant and assuming reinsurer, which is critical to understanding the accounting considerations of reinsurance and the supporting examples in the exam materials. We then expand to cover

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additional forms of coinsurance including funds withheld and combination type arrangements. Four chapters cover Learning Outcomes 1b and 1c:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 2: Automatic Reinsurance
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 3: Facultative Reinsurance
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 4: Basic Methods of Reinsurance
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 5: Advanced Methods and Structures of Reinsurance

Moving on to reinsurance that covers existing blocks of insurance contracts, often referred to as inforce reinsurance, we explore different approaches that are used for different products. Life reinsurance, annuity reinsurance, pension risk transfer, and non-proportional reinsurance are important concepts for candidates to understand. Three chapters from Tiller and an SOA Research Paper cover Learning Outcomes 1d, 1e, 1f, and 1g:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 7: Reinsurance of Inforce Risks
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 17: Nonproportional Reinsurance
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 19: Annuity Reinsurance
- “Pension Risk Transfer in Canada and the U.S.”, SOA Research Institute, Feb 2022

A relatively new reinsurance subject is the influx of private equity, or alternative capital, into the insurance and reinsurance market. Candidates are introduced to the role that private equity capital plays in the global reinsurance market, as well as the use of offshore reinsurance. Four articles cover Learning Outcome 1h:

- CP341-101-25: Capital Markets Bureau Primer – Private Equity
- CP341-102-25: Number of Private Equity-Owned U.S. Insurers Remains Constant, But Total Investments Increase by Double Digits in 2023, NAIC Capital Markets Special Report
- CP341-103-25: The Rising Tide of Offshore Reinsurance Raises Yellow Caution Flag
- CP341-104-25: Private Equity and Life Insurers

Topic 2: Transferring Risk

Topic 2 explores the relationship between the ceding company and the reinsurer and the concept of risk transfer.

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First, we look at the reinsurance treaty, which is the legal contract that creates the reinsurance relationship. Candidates will learn the importance of the language and articles contained in these complex documents, including the related regulatory provisions. This important topic, Learning Outcome 2a, is covered by one paper and a single text chapter, albeit a very lengthy and robust reference:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 8: The Reinsurance Treaty
- “Life Reinsurance Treaty Recapture Provisions”, SOA, Jun 2020

The important topic of risk transfer, which has received increased attention and scrutiny in recent years, is covered next. Candidates are introduced to the various US and IFRS requirements, and the unique subject of lapse risk transfer, in the following references which cover Learning Outcome 2b:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 9: Risk Transfer Considerations
- “Risk Transfer Practice Note”, AAA November 2022
- CP341-105-25: Lapse Risk and Capital Management Strategies: Back in the Spotlight, pp. 8-12

Candidates are then introduced to the concept of insolvency, and how reinsurance treaties address insolvency from both the ceding company and assuming company perspective. The last topic is the use of captive reinsurers, including the reasons an insurer would use a captive and the tax and regulatory considerations typically involved. Learning Outcomes 2c and 2d are covered by these references:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 10: Insolvency and Reinsurance
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 20: Captives
- CP341-106-25: Life and Annuity Reinsurance Sidecars: From Sidebar to Headline Topic
- “The Impact of BEAT on US Foreign Affiliated Reinsurance”, Taxing Times, Dec 2020

Topic 3: Key Accounting and Regulatory Considerations

Topic 3 covers the important topic of reinsurance regulatory frameworks, including those in Canada, the US, Bermuda, and other international jurisdictions. Note that many of the readings discuss U.S. and Canadian laws and regulations (and occasionally those of other countries), which are on the syllabus to provide a general understanding of common concepts and are intended to be tested because laws and regulations are a fundamental aspect of the global reinsurance industry.

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Learning Outcome 3a, the history and basics of the US regulatory framework are covered by:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 11: U.S. Regulation of Reinsurance

Learning Outcome 3b, the history and basics of the Canadian regulatory framework are covered by:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 12: Canadian Regulation of Reinsurance

Candidates are then introduced to several reinsurance accounting bases and their associated rules and regulations. In the U.S. three different accounting bases exist for reinsurance contracts: Statutory, GAAP, and Tax. In Canada, a single basis of accounting is used for all purposes. Learning Outcome 3c is covered by several chapters and papers, as follows:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 13: U.S. Statutory Accounting
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 14: U.S. GAAP Accounting
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 15: U.S. Tax Considerations
- CP341-107-25: NAIC Model Laws: Credit for Reinsurance Model Law
- “Impacts of AG48”, Reinsurance News, November 2015
- CP341-109-25: Guide to Reciprocal Jurisdiction, Certified and Authorized Reinsurers, pp. 3-4 only

Learning Outcome 3d is covered by one chapter and supplementary Canadian guidance:

- CP341-110-25: LICAT Guideline 2025, Chapter 10: Credit for Reinsurance
- CP341-111-25: OSFI Guideline B3, Sound Reinsurance Practices and Procedures
- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, 2015, Chapter 16: Canadian Accounting and Tax Considerations

The use of asset intensive reinsurance, and the entrance of private equity firms into the reinsurance market, are important for the candidate to understand. We also touch on international regulations, specifically in Bermuda since it is a major reinsurance market for these types of transactions. Learning Outcome 3e is covered by the following papers:

- CP341-112-25: IFRS 17 Pocket Guide on Reinsurance Contracts Held

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- “Fully Reinsured Business: Are the Financial Implications Neutralized, or Not?”, Financial Reporter, Nov 2024
- CP341-113-25: Supervision and Regulation of PE Insurers in Bermuda
- CP341-114-25: The Bermuda Monetary Authority’s Approach to Private Equity Owned (Re)insurers
- CP341-114-25: Solvency II Equivalence FAQs
- Asset-Intensive Reinsurance Ceded Offshore from U.S. Life Insurers (With Focus on Bermuda), AAA, Feb 2024
- CP341-108-25: The Heat is on for US Asset-Intensive Reinsurance Regulations

Topic 4: Reinsurance Administration and Management

Topic 4 discusses the practices for managing and administering reinsurance contracts. The topic of reinsurance counterparty risk, as well as mitigation strategies are important for candidates to understand. Learning Outcome 4a is covered by:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, Chapter 23: Reinsurance Administration
- CP341-116-25: Modernizing Reinsurance Administration

Learning Outcome 4b is covered by one text chapter:

- *Life, Health & Annuity Reinsurance*, Tiller, John E. and Tiller, Denise, 4th edition, Chapter 24: Managing Reinsurance

Finally, two articles cover Learning Outcome 4c:

- CP341-117-25: Collateral Structures in the Bermuda Long-term Insurance Market
- CP341-118-25: Management of Collateralised Reinsurance

III. Recommended Approach in Preparing for Course Exam

Our recommended study approach is to first read the descriptions of the Learning Objectives and Learning Outcomes and then the syllabus study materials in the order presented for each course topic section. The recommended order is purposeful.

Further, the candidate should be prepared work through numerical examples of different reinsurance structures in financial statements with respect to the regulatory and accounting considerations covered in the materials.

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Keep in mind that each exam question is created by starting first with one or a combination of the Learning Objectives and Learning Outcomes. Each question will consider a context that entails a reinsurance situation. The insights or background from the syllabus study materials are there to help the candidate develop and apply a solution that best fits within the context of the exam question. Note that a solution to a given problem presented within the study materials is appropriate for the context used within those study materials, but not necessarily appropriate for the context of the exam question.

Since the exam is focused on the demonstration of critical thinking, the candidate must learn how to take the learnings from one situation and apply them to a different situation. In creating such questions, this exam seeks to emulate real-world situations which, most of the time, do not have solutions that conveniently appear within any textbook. Candidates are expected to apply the techniques or insights that they learn from the syllabus study materials to new real-world problems. The candidate uses the study material as a tool to gain insights about the Learning Objectives and Learning Outcomes. These insights expressed in a solution to an exam question demonstrate critical thinking.