

# Reinsurance of “Natural Catastrophes” in France



**South of France  
Flood in september 2002**

# What is CCR ?

- CCR was created in 1946.
- The company has its head office in Paris and two branches in Canada and Lebanon.
- It is now one of the top 25 reinsurance companies in the world.
- It is rated AA+ (negative outlook) by the Standard and Poor's credit rating agency and A++ (negative outlook) by A.M. Best.
- It is a public limited company with capital of 60 million euros, 100% owned by the French state.
- It employs 252 people.
- In 2011, it achieved a turnover of 1 385 million euros and a net profit of 119 million euros.

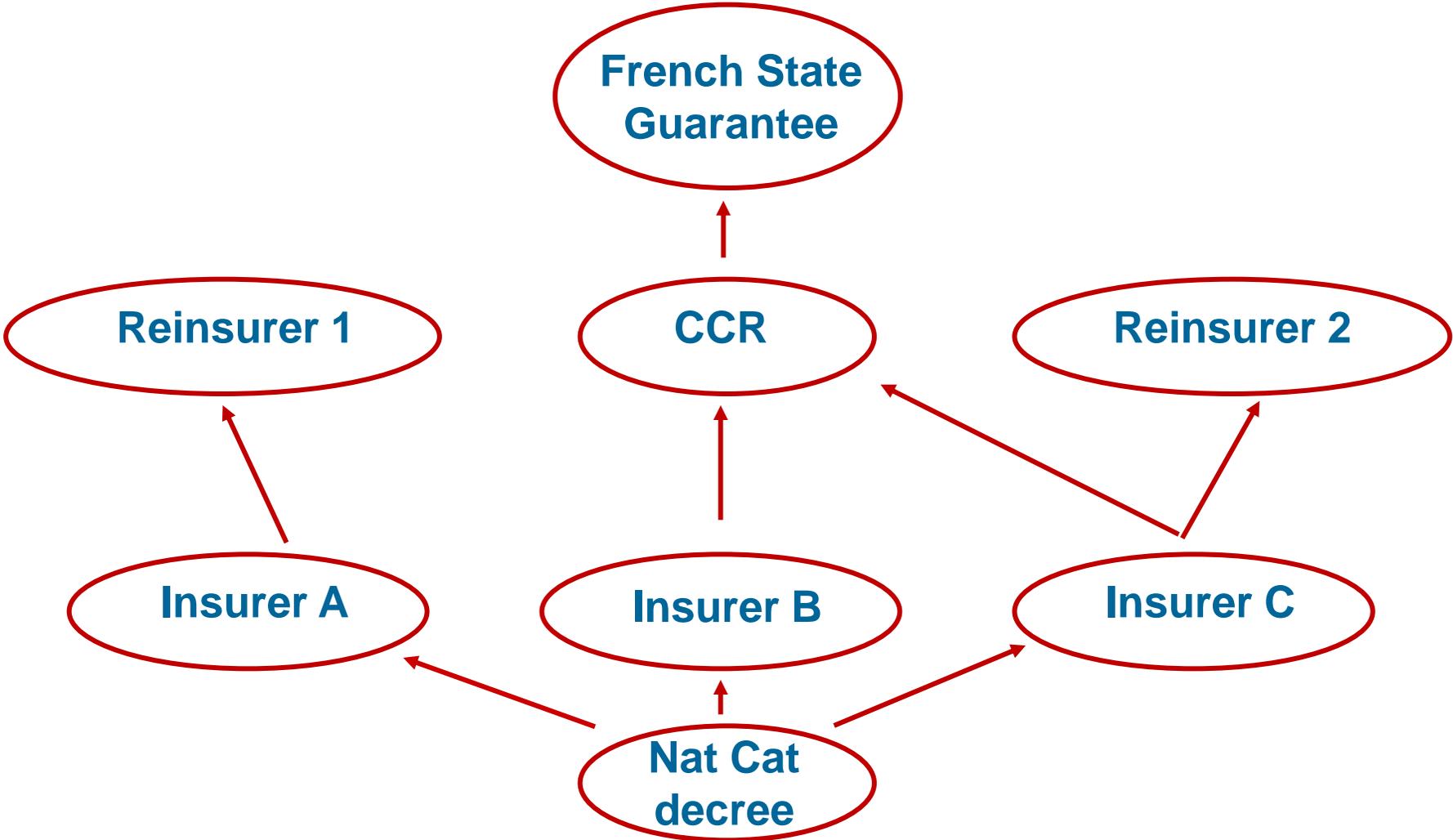
# CCR's activities

- **CCR can provide state guaranteed reinsurance for the following lines of business (57% of the turnover) :**
  - reinsurance of exceptional risks linked to a shipment,
  - third party liability reinsurance for operators of nuclear ships and facilities
  - reinsurance of risks of natural disasters (within the Nat Cat french system),
  - reinsurance of risks of terrorist attacks.
  - reinsurance of top-up trade credit insurance.
- **CCR has also market reinsurance activities for 43 % of its turnover.**  
(Property and Casualty, Transport and Aviation, Space, Life and Personal insurance fields, in France and abroad).
- **CCR also manages certain public funds on behalf of the state:**
  - French agricultural risk management fund
  - Major natural risk prevention fund.
  - Compensation fund for construction insurance risks.
  - Guarantee fund for risks linked to spreading
  - French trend credit protection fund
  - Guarantee Fund for losses consequential to Preventive, Diagnosis or Treatment Procedures conducted by self-employed healthcare professionals.

# CCR : main reinsurer of the french Nat Cat compensation scheme (1)

- CCR has been reinsuring this risk since the origin of the system. It signed an agreement with the Public Authorities to benefit from the State guarantee, but has no monopoly.
- **Reasons for CCR's intervention :**
  - The law obliged insurers to offer unlimited cover (except deductibles),
  - CCR is able to offer the market a reinsurance scheme with unlimited cover,
  - Being in a position to reinsure with the State guarantee, CCR provides the Nat Cat compensation scheme with a guarantee of solvency.
- **CCR's duty :**
  - to look after the continuity and the viability of the system.

# CCR : main reinsurer of the french Nat Cat compensation scheme (2)

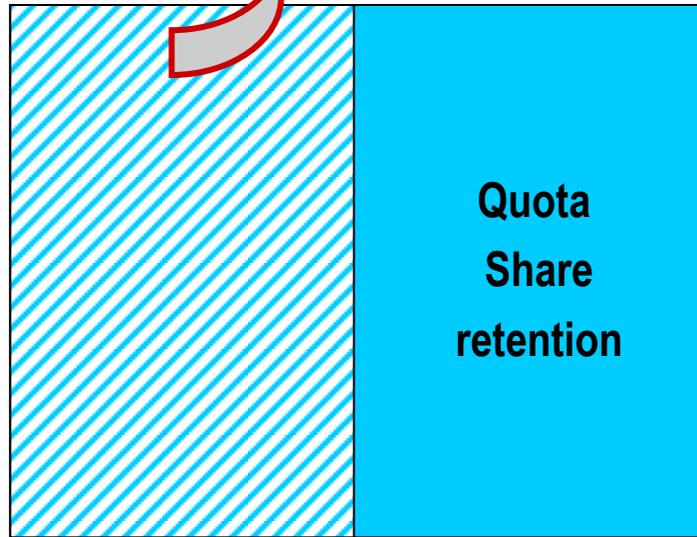


# CCR's reinsurance scheme (1)

- **CCR offers the market an original cover based on two reinsurance formulas :**
  - a quota-share,
  - an unlimited stop-loss on the retention.
- **Reasons of this choice :**
  - risks of natural perils are not well understood and their definition is imprecise and constantly changing. The choice of a quota-share is in order to ensure a sharing of outcome, to avoid anti-selection and to guarantee liability between insurer and reinsurer.
  - the stop-loss cover is added as a protection against the frequency risk.

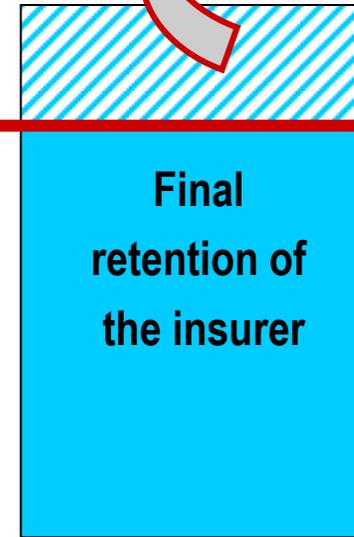
# CCR's reinsurance scheme (2)

Quota Share  
Cession (50%)



Annual Loss

Stop Loss Cession

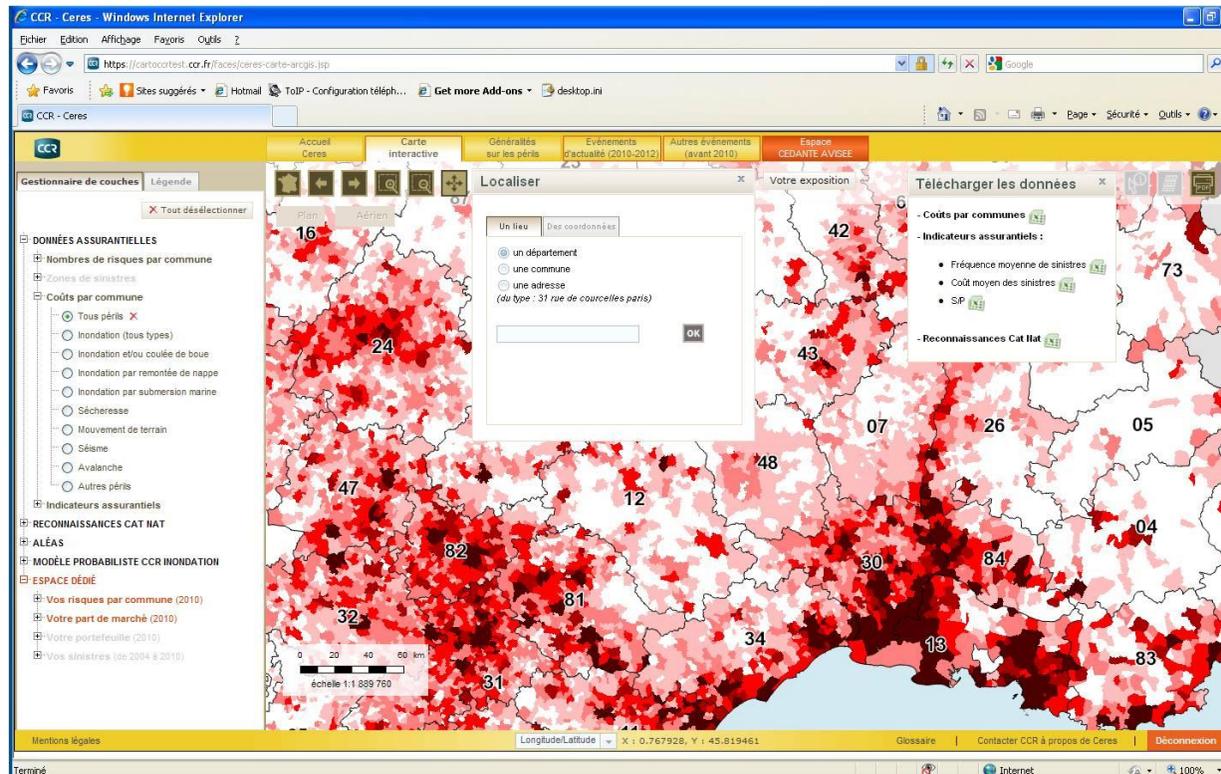


Retention after quota share

Stop-loss  
Deductible  
(generally  
200% of retained  
premiums)

# CCR's services

- Being the main reinsurer of the french Nat Cat scheme, CCR is able to provide specific services to its clients, such as a website giving :
  - Informations on perils covered
  - Details on occurred events (market cost, ceding company's cost, etc.)
  - Portfolios exposures and impact of occurred events on them



# Thanks for your attention

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