

Facultative Reinsurance



Facultative Reinsurance Shopping Provides Competitive Mortality Offers from Minnesota Life

Some life insurance companies use table shaving programs to offer standard ratings to clients that have been underwritten with B, C or D table ratings. At Minnesota Life, our facultative reinsurance shopping program can provide similar advantages (and more) when compared to table shaving programs.

Facultative Reinsurance: The ceding company (Minnesota Life) has the option of submitting individual cases and the reinsurer has the option of accepting or declining individual risks.

By strategically aligning ourselves with facultative reinsurance companies who provide varied and unique strengths and aggressive underwriting decisions, we can provide a broad mortality decision advantage. The following experience with Minnesota Life's facultative reinsurance shopping program is an example of our success in bringing competitive offers to clients.

Original Decision from Minnesota Life	Reinsurance Offer	Minnesota Life's Offer to your Client
Table B	78% Standard	Standard
Table B-D	62% Standard	Standard

Unlike a table shaving program, we pass along the benefits of our facultative shopping program on cases that we assess at rates higher than Table D, including cases we see as a *decline*. Our facultative partners provide us the opportunity to make offers, or more favorable offers, on a significant percentage of declined and highly rated cases.

Only Upside Potential

The Minnesota Life underwriting offer is not withdrawn when a case is shopped to our reinsurers (if the case falls within our retention limit). As a result, there is only upside potential to shopping a case to our facultative reinsurance partners. We allow full advantage of our underwriting expertise without any downside potential to shopping a case within our retention limit.

Minnesota Life's Facultative Reinsurance Shopping Program is Unique

- Our strategic approach to picking reinsurance partners that complement our strengths.
- We stick to our offer even if the reinsurers can't match it.
- Our statistics show the advantages associated with table shaving programs, but we extend these advantages to cases above Table D.

Frequently Asked Questions

If Minnesota Life facultatively shops a case with reinsurers, will this potentially restrict a client's ability to obtain coverage elsewhere?

No, each insurance company will make its own mortality assessment. Other companies can make decisions within their retention and reinsurance limits without reinsurance involvement. If other companies shop a case, they should receive the same offer from any reinsurers we share (assuming the same information) and may have relationships with reinsurers we don't.

What about cases beyond Minnesota Life's retention limit?

First, Minnesota Life will make an underwriting offer at our assessed mortality rate. You have a choice to accept that offer for the full amount of coverage or to request we shop the case on a facultative basis.

When we facultatively shop a case, we will be bound by the best reinsurance offer. Many times we will get an offer back that is equal to or better than ours. In the cases where we don't, we will offer our original assessed rate up to our retention limit, and work with the reinsurers to match that assessment for amounts above our limit.

Although not a guarantee, when we keep our retention on a risk at a specific rate, we can often convince the reinsurers to match our offer at amounts above our retention limit.

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