

Part III. SAP in the U.S.: Fundamental Aspects of the Annual Statement

TABLE 21

Company: Annual Statement for the year:			Fictitious Insurance Company 2011				
Assets, page 2			Schedule F Source				
Line	Item	Current Year	Part	Column	Item	Row	Amount
16.1	Amounts recoverable from reinsurers	426,000	3	7 + 8	Reinsurance recoverable on paid losses and paid LAE	Totals	426
Liabilities, Surplus and Other Bunds, page 3			Schedule F Source				
Line	Item	Current Year	Part	Column	Item	Row	Amount
2.	Reinsurance payable on paid losses and loss adjustment expenses	–	1	6	Reinsurance on paid losses and loss adjustment expenses	Totals	–
13.	Funds held by company under reinsurance treaties	170,000	3	19	Funds held by Company under reinsurance treaties	Totals	170
16.	Provision for reinsurance	283,000	7		Provision for reinsurance	6.	283,000

While relevant, Parts 2 and 8 tend to get less attention by actuaries. As the name suggests, Schedule F, Part 2 provides the user with a detailed listing of all portfolio reinsurance transactions entered into or canceled during the current year.

Schedule F, Part 8 provides a summarized form of the balance sheet with adjustments to restate it on a gross of ceded reinsurance basis. The assets are adjusted to remove any expected recoverables from the company's reinsurer, while the liabilities are restated to remove any anticipated recoveries or payables.

Given the limited level of focus on Parts 2 and 8 by property/casualty actuaries, we will provide only a brief description of their contents and use. We will devote the majority of this chapter on the contents of the other parts of Schedule F and the calculation of the provision for reinsurance.

SCHEDULE F – PART 1: ASSUMED REINSURANCE AS OF DECEMBER 31, CURRENT YEAR (000 OMITTED)

Overview

Part 1 provides the total amount of the insurance company's assumed reinsurance balances by reinsured. It enables the user to obtain additional understanding of the amounts at stake and risks associated with an insurance company's assumed reinsurance transactions as of the current year.

thousands of U.S. dollars, whereas amounts on the balance sheet, as well as in Schedule F, Part 7, are in whole dollars.