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OPTIMIZATION OF REINSURANCE DEFENSE PARAMETERS AS A COMPROMISE FOR PROFITABILITY AND SUSTAINABILITY OF THE INSURANCE SYSTEM

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Summary. In the context of the existing problems of reinsurance market development in the developing countries this paper offers recommendations for development in underwriting and presents the model

for optimization of reinsurance defense parameters as a compromise for profitability and sustainability of the insurance system.

Key words: *alternative reinsurance, risk, insurance, insurance portfolio, reinsurance defenses*

In terms of the proposed methodology for the development of reinsurance in developing countries, particular importance has the question of optimizing business processes in reinsurance, which are usually understood as underwriting. The author argues that underwriting in reinsurance should be not only the process of harmonization of price and terms of the reinsurance of a specific risk or a contract, but also it should monitor the overall state of the portfolio in the temporal and spatial relationship. Moreover, underwriting in reinsurance should include the system of following major activities: extensive risk assessment; more sophisticated premium rating; creation, if necessary, of new services for claim settlement and risk management; conclusion of more binding contractual agreements with brokers. The purpose of these activities is to provide the reinsurer's underwriters with possibility to select quality risks and to make tariff valuation more accurately.

Scientific novelty of the article is in the identi-

fication, formulation and implementation of new directions in the field of optimization of methodology for the development of reinsurance, as well as optimization of the reinsurance defense parameters in general. Accordingly, the model for optimization of reinsurance defense parameters is presented, as a compromise for profitability and sustainability of the insurance system.

The practical significance of the article is in the fact that the theoretical provisions of the research, which constitutes its novelty, are brought up to the specific recommendations in the field of development of reinsurance market and its participants, in the developing countries.

Precisely this methodological framework will enable the most optimal path to develop reinsurance underwriting as a key element, which underlies the whole system of insurance relations, as precisely on its functioning depend the success of the reinsurance operations and profit making for market participants.

References

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