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REINSURANCE

Reinsurance is essentially insurance for insurance companies. It is a way for primary insurers to protect against unforeseen or extraordinary losses. Reinsurance also serves to limit liability on specific risks, to increase individual insurers' capacity to write business, and to help insurers stabilize their business in the face of the wide swings in profit and loss margins which are inherent in the insurance business.

REINSURANCE, 1997-2004 (1)

($000)

Year	Net premiums written	Annual percent change	Combined ratio (2)	Annual point change
1997	$19,931,502	NA	NA	NA
1998	19,439,312	-2.5%	104.4	NA
1999	21,212,749	9.1	113.8	9.4 pts.
2000	24,853,859	17.2	114.2	0.4
2001	26,687,636	7.4	142.9	28.7
2002	29,503,920	10.6	121.3	-21.6
2003	30,630,787	3.8	101.2	-20.1
2004	28,759,085	-6.1	106.2	4.9

(1) Based on reinsurance companies responding to quarterly surveys conducted by the Reinsurance Association of America.
(2) After dividends to policyholders. A drop in the combined ratio represents an improvement; an increase represents a deterioration. See also Glossary.

NA=Data not available.

Source: Reinsurance Association of America.