

Ceded reinsurance

Strategies for operating model optimization

Unlock the potential of ceded reinsurance: Building effective operating models

Today, ceded reinsurance portfolios are growing in complexity and require effective organization, interaction, and ownership. Deloitte research indicates that in more than 80% of surveyed insurance organizations, the finance department oversees the reinsurance function, as it is among the company's most significant financial transactions.¹ However, insurers often struggle with defining clear roles and responsibilities for the reinsurance function within their organization.²

Establishing a reinsurance operating model can help ensure that resources, processes, people, and technology work together effectively to achieve established business objectives, manage risks, and drive sustained performance. Without the right operating model, organizations may fall short of their strategic goals, increase risk exposure, and compromise performance. By redesigning the reinsurance operating model and adopting leading practices, insurers have an opportunity to build resilience and increase competitive advantage.

What is a reinsurance operating model?

A reinsurance operating model is the structured framework that defines how the ceded reinsurance function flows within an insurance company. It explains how the insurer organizes its people, processes, technology, and governance to deliver on its business objectives. The model also establishes the roles and responsibilities of the reinsurance team and its interaction points with other functions throughout the organization. In short, it is the playbook for the day-to-day operations of the reinsurance business and how it achieves its strategic goals.

Defining the operating model—specifically, the interaction model—is the critical path to achieving a seamless reinsurance life cycle. Regardless of governance structure, contract type, or complexity of insurance transaction, integration and frequent interaction between underwriting, reinsurance administration, and accounting is generally considered essential for overall success.



Advantages of a reinsurance operating model

The reinsurance operating model and its associated structure serves as one of the most critical foundational elements for achieving an organization's strategic vision and goals. By focusing on enhancing and streamlining processes, organizations can reduce costs and establish clear ownership, accountability, and governance structures, enabling more insightful and timely decision-making.

An effective operating model fosters continuous improvement, supports complexity, and ensures adaptability to evolving market trends. It should be designed to reinforce the overall

reinsurance strategy, enhance the client (both external and internal stakeholder) experience, and strengthen compliance with regulatory requirements. Operational efficiency is optimized, driving financial growth, while the model's scalability allows for seamless expansion. Ultimately, a well-structured reinsurance operating model helps organizations manage risks more effectively and strategically.

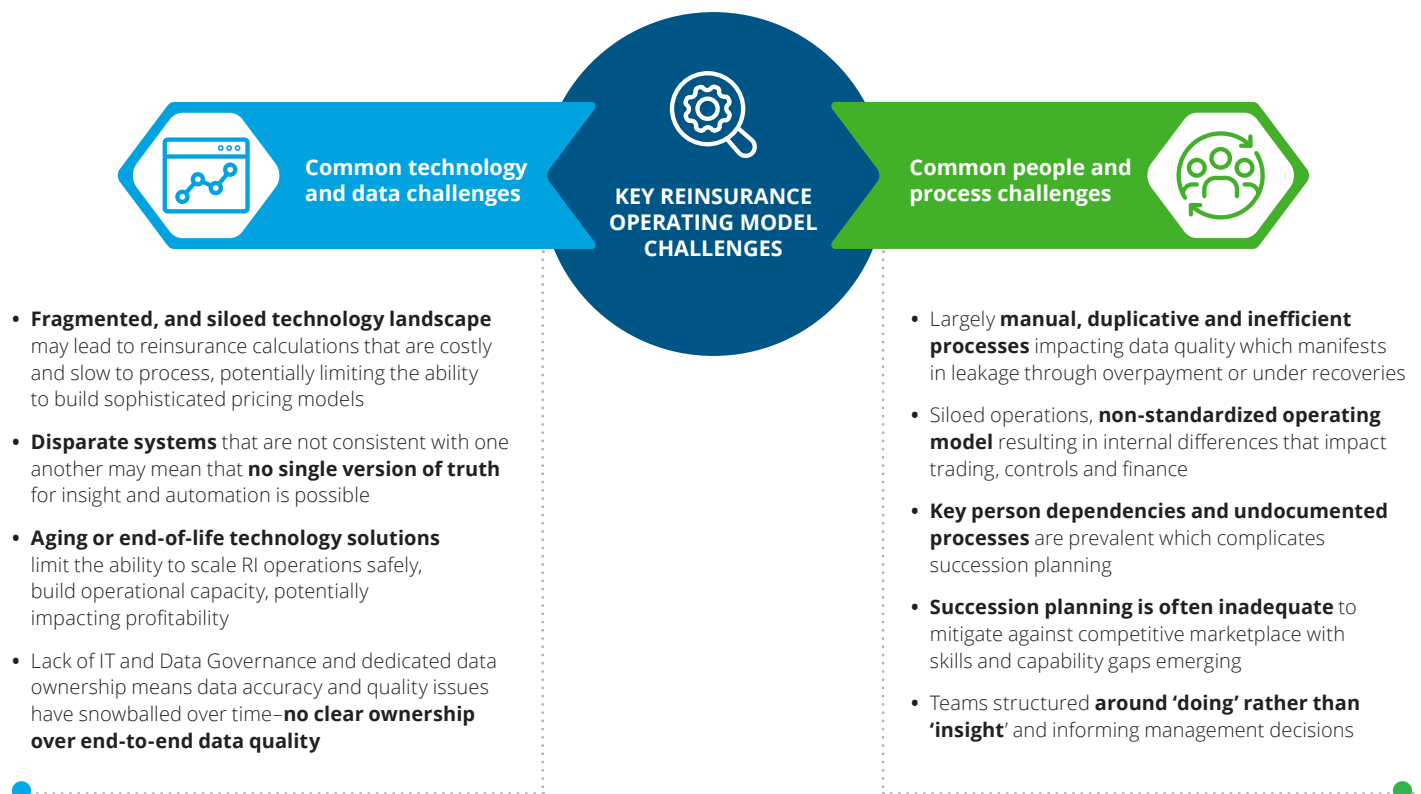
Factors that limit true potential

Some organizations may struggle when it comes to mobilizing and strengthening their operating models. Challenges emerge not only with data and technology, but also with people and processes. Technology can be an inhibitor or an enabler: A fragmented technology landscape or disparate systems limit productivity and accuracy, and legacy systems limit the ability to scale and build operational capacity. Conversely, investing in the right technology and putting a well-structured reinsurance operating model in place delivers value by boosting efficiencies, streamlining collaboration, and supporting business strategies. As technology continues to evolve, advanced technologies such as artificial intelligence (AI) are playing a pivotal role. Integrating AI agents into daily operations can help reduce processing time, deliver improved data quality, and enhance controls.

Common people and process challenges include manual, repetitive tasks and siloed operations that compromise efficiencies and accuracy. Key person dependencies and undocumented processes may complicate succession planning, while teams focused on tasks rather than delivering insights may compromise management decisions.

The illustration in figure 1 highlights these challenges. Addressing such hurdles is essential for building a resilient and effective organization.

Figure 1: Key limitations found in the traditional reinsurance operating model



Reinsurance operating model design considerations

Although technology often leads transformation efforts, designing a strong operating model and building the right talent and skills are crucial for generating organizational value.

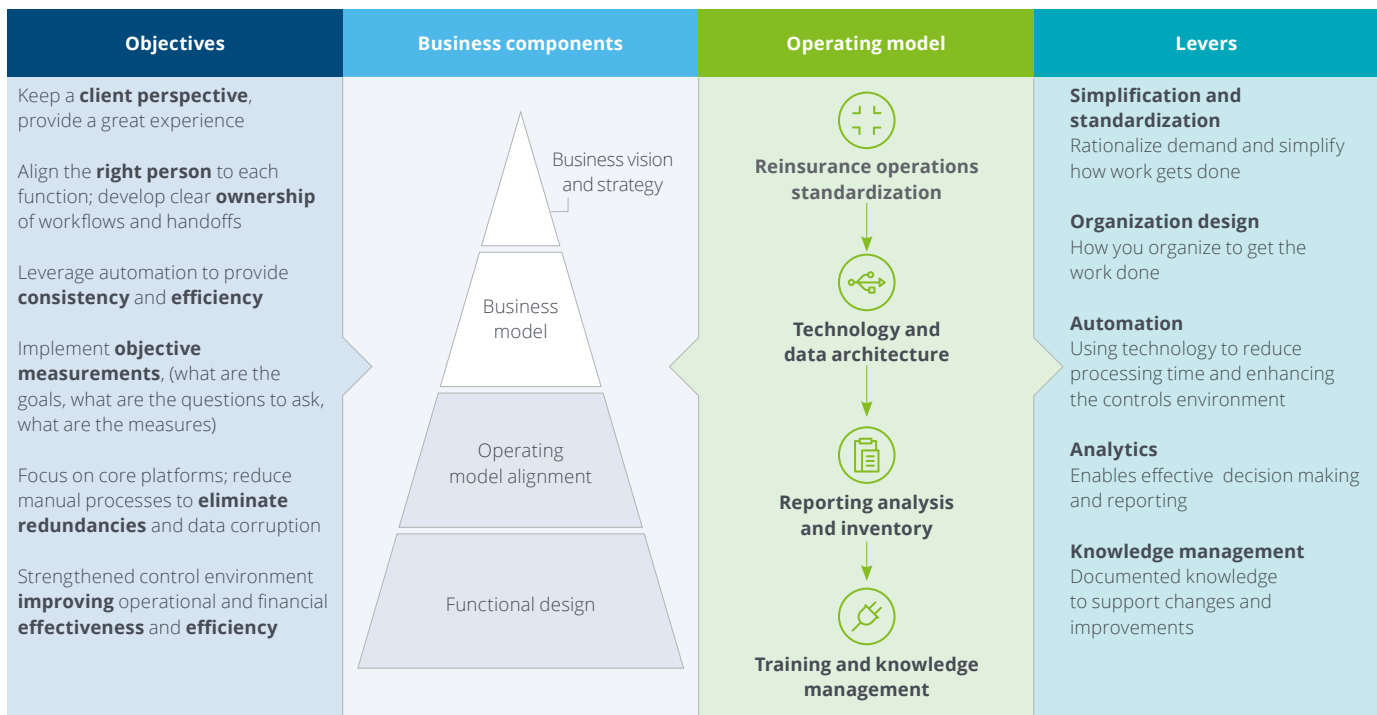
Success depends on:

- Setting clear goals and objectives;
- Ensuring the operating model matches business needs of today and tomorrow;

- Outlining each stage of the process; and
- Leveraging tools to support automation, analytics, and thoughtful organizational design.

The building blocks of an effective reinsurance model and the elements that contribute to its success are illustrated in figure 2.

Figure 2: Building blocks of an effective reinsurance model



Components of an effective reinsurance operating model

Organizations typically structure their reinsurance programs around two pivotal teams, the Reinsurance Underwriting (RIUW) team and the Finance Reinsurance Administration (RI Admin), both often reporting to a senior leader such as the chief financial officer (CFO) or head of reinsurance.

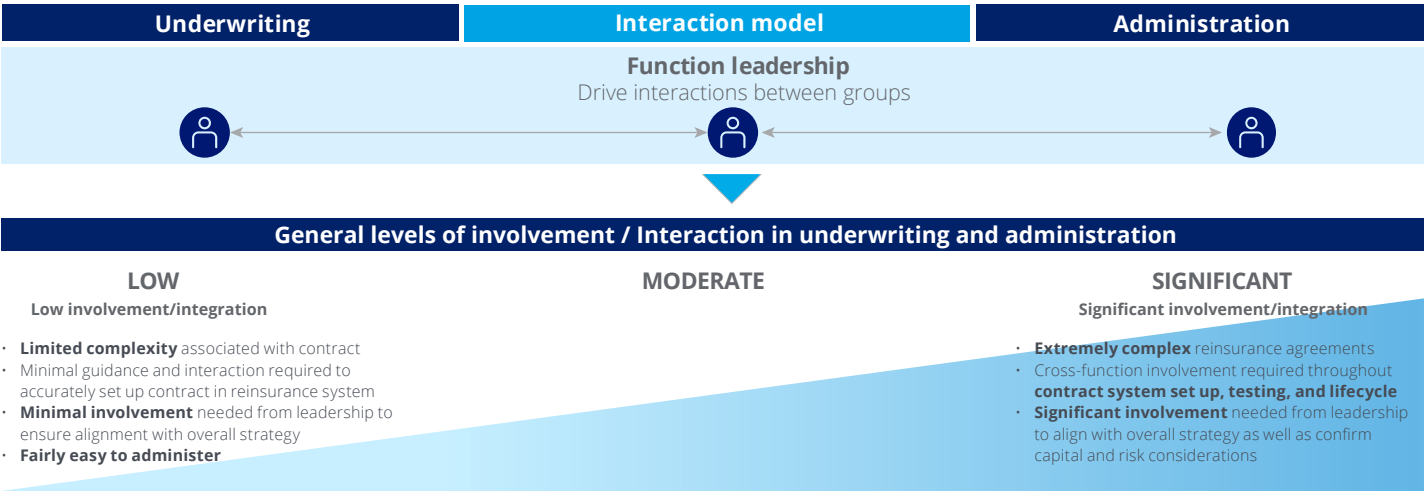
The RIUW team is responsible for optimizing reinsurance strategies, negotiating and executing placements, and managing key relationships with brokers, reinsurers, and clients.

Meanwhile, the RI Admin team ensures centralized administration, maintains regulatory compliance, serves as the central repository for reinsurance information, and oversees accounting, reporting, and multinational collections. The interaction between these teams is essential to ensure a seamless, end-to-end reinsurance life cycle—integrating underwriting insight with robust administrative oversight, maximized operational efficiency, and regulatory compliance.

The depth and frequency of interaction between the RIUW team and RI Admin depends on the complexity of the specific reinsurance arrangement. For straightforward contracts such as a quota share (QS) involving standardized terms and low complexity, the level of required collaboration is usually minimal, often limited to validating contract details and basic setup.

More complex agreements such as excess of loss (XOL), especially those with multiple layers or intricate loss aggregation, often require close, ongoing coordination. Here, the teams must collaborate extensively on contract structuring, data and system requirements, regulatory considerations, and ongoing monitoring. This dynamic, highlighted in both process models and service delivery frameworks, underscores that the more complex the reinsurance structure, the more critical and integrated the interaction between the RIUW team and RI Admin becomes (figure 3).

Figure 3: Structuring an effective reinsurance operating model



Establishing processes: Optimizing business alignment and capacity

The ideal ceded reinsurance team organization model aligns the front, middle, and back offices to optimize efficiencies (figure 4). Many companies organize the front office around the business (e.g., product line or line of business), while the middle and back offices organize around processes. Other practices include centralizing activities to benefit from scale of operations, developing front-office insight to ensure effective reinsurance placement aligned to business strategy, and investing in capabilities to more accurately calculate cessions. Automating repeatable processes and rightshoring low-value-add activities can help to improve efficiencies and costs.

Operating model considerations

Ask yourself the following questions to help guide decisions regarding your operating model:

- How will we organize ourselves in the future to provide the best value for the organization?
- Should my team be organized around the business or the processes they are executing?
- How should reinsurance interaction points with the business be designed?
- How centralized or decentralized should reinsurance processes and decision-making be?
- Are roles and responsibilities clear across and between teams (e.g., who owns the data)?
- What kind of reporting and analytics are needed to understand the reinsurance portfolio better?
- How will we approach automation technologies?
- What role will shared services play in the future?

Centralizing reinsurance administration

In an optimized model, reinsurance activities are typically organized using centralized or shared service models with special consideration given to the type of reinsurance contract.

Figure 4: Streamline the reinsurance operating model across the front, middle, and back offices

Process	Reinsurance					
Governance	Governance, controls, policies and procedures, risk appetite					
Ownership	Reinsurance UW and Placement			Finance reinsurance administration		
Area of organization	Front office		Middle office		Back office	
Activities	Negotiate and Initiate Contracts	Contract setup	Administration	Accounting/ reporting	Reinsurance claims	Reinsurance billings and collections

Key activities include:

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Negotiating and initiating contracts. Reinsurance operations begin with an assessment of organizational needs to ensure alignment with corporate and reinsurance strategies. After clarifying requirements, recommendations are made based on the best options for the company. Contract terms are then negotiated to balance risk coverage with business priorities. Once all terms are agreed upon, the contract is documented and finalized, establishing the foundation for the reinsurance partnership.
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Contract setup. Setting up a contract involves close coordination between Underwriting, Finance Reinsurance Administration, and the reinsurer. Once the agreement is collectively reviewed and approved, it is entered into the reinsurance environment/platform and tested for accuracy. The contract is activated on its effective date, with retroactive provisions enforced as needed.
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Administration. Ongoing administration supports both new and in-force business activities, managing relationships, commissions, fee structures, and contract sections. Participants and additional coverage layers are monitored, while daily activities and contract adjustments or amendments are coordinated to maintain smooth operations throughout the reinsurance life cycle.
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Accounting/reporting. Accounting and reporting functions include cash application, tracking reinsurance recoverable, and recording entries/accruals in the general ledger. Preparation of financial schedules and footnotes fulfills both regulatory and management reporting needs. Analytics and scenario modeling provide deeper business insights and help determine pricing impacts and growth opportunities.
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Reinsurance claims. Managing reinsurance claims includes overseeing claims and bordereau activity, verifying coverage, and tracking progress against contract limits. Coordination with claims and treasury departments ensures timely resolution and solid financial management. Salvage and subrogation are handled to maximize recoveries, while regular communications with claims and treasury departments provides ongoing insights into reinsurance losses.
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Reinsurance billings and collections. Billings and collections ensure efficient management of payments for ceded and assumed reinsurance contracts. This function monitors capital and regulatory impacts; coordinates payment cycles across treasury, claims, and billings and collections; and proactively manages receivable aging to support liquidity and contractual compliance.

Developing talent and leveraging technology

Developing the appropriate people skills and capabilities is another essential consideration. The rise of new technologies, coupled with a growing emphasis on analysis rather than routine tasks, is prompting organizations to reconsider how they attract and develop talent within their reinsurance divisions. Many organizations are prioritizing investment in new skills and capabilities, such as process improvement methodologies like Lean Six Sigma, and project and change management, as well as expertise in data science, advanced analytics, and data visualization. Other organizations are actively developing strategies for knowledge transfer to address potential resourcing gaps and ensure continuity in their operations.

Digital transformation is also playing an important role, as insurers increase their focus on managing automation, process robotics, and AI technologies, including machine learning. Organizations are investing in AI to enhance risk assessment and pricing, automate underwriting, improve operational efficiencies, and support data-driven decision-making. Generative AI (GenAI) and large language models (LLMs) may be used to help develop contracts, provide analysis, and personalize communications.

Talent and workforce considerations

Ask yourself these key questions to guide your approach to building effective teams and making technology investments:

- What skills and capabilities will be required to support our reinsurance portfolio?
- How do I strike the right balance between cost efficiency and value creation?
- What skills should I buy (stable skills), build (growing skills), and borrow (emerging skills)?
- How are the aspirations of my workforce changing, and how will I keep them motivated?
- How do we harness skills across the globe and collaborate to best effect?
- How do we develop the next generation of reinsurance talent?
- How will I best access the skills that I need for tomorrow?
- What culture do I need to set within the organization to prepare for future success?
- How can I leverage AI to enhance efficiencies, productivity, and decision-making?
- How can I help my workforce to trust and adapt to new technologies and procedures?

Getting started

While finance tends to be the group with ownership over reinsurance, it is critical to understand the organization's vision and ultimate goals for reinsurance to make an informed decision regarding the future direction, operating model, and required skill sets for the function.

When starting your journey to optimization, consider these factors:

- Understand the drivers for change and how they impact the redesign
- Identify the right people and teams to involve
- Determine goals for the new operating model
- Define the desired target state
- Develop a roadmap that considers process, people, and technology

Conclusion: Building an effective reinsurance operating model

An effective reinsurance operating model is far more than just a set of processes or organizational charts; it's the blueprint that aligns strategy, talent, technology, and governance to deliver on business objectives. In today's dynamic risk landscape, having a robust operating model is essential for reinsurers to respond to market shifts, regulatory demands, and evolving client needs.

Redesigning your operating model is not a one-size-fits-all exercise. It requires a thoughtful approach that considers your unique strategic goals, legacy systems, data capabilities, and the regulatory environment. Key considerations include streamlining core processes, leveraging automation, enhancing data-driven decision-making, and fostering a culture of agility and innovation.

The benefits are clear: improved operational efficiency, greater scalability, enhanced risk management, and the ability to seize new market opportunities. Ultimately, a well-designed operating model can be a source of competitive advantage.

If you're considering where to begin, start by assessing your current state—identify pain points, map capabilities, and define your future vision. With our collaborative approach, Deloitte can help you transform your operating model for long-term success. Our professionals can help guide every step, from diagnostic and design to implementation and change management, leveraging deep industry experience and proven methodologies.

Reinsurance operating model optimization is an investment in your organization's future resilience and growth. We invite you to connect with us to discuss how we can work together to shape and realize your vision.

Contacts

Wallace Nuttycombe

Principal
Deloitte & Touche LLP
wnuttycombe@deloitte.com
+1 973 602 6769

Ryan Potts

Senior Manager
Deloitte & Touche LLP
rypotts@deloitte.com
+1 212 436 6080

Lauren Tenenzapf

Senior Consultant
Deloitte & Touche LLP
ltenezapf@deloitte.com
+1 914 461 6176

Bryan Benjamin

Partner
Deloitte & Touche LLP
bbenjamin@deloitte.com
+1 718 508 6064

Rebecca Shimonov

Senior Manager
Deloitte & Touche LLP
reshimonov@deloitte.com
+1 212 436 4099

Endnotes

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2. Gurpreet Johal, Gareth Evans, Jordan Kupersmid, James Slater, Sabrina Rhodes, Sammy Scane, "[Ceded Reinsurance Market Survey Results](#)," Deloitte, 2023, accessed January 13, 2026.



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