INSURANCE

ReVOLUTION

CRC
CONFERENCE | CONGRÈS

THE 61st ANNUAL
CANADIAN
REINSURANCE
CONFERENCE

Reinsurance Administration Professionals Association "RAPA"

Organization whose members are life and health insurance professionals around the globe responsible for the administration of reinsurance between direct writers, reinsurers, and retrocessionaires.

Purpose

- To improve the effectiveness and efficiency of its members' reinsurance administration processes, which include treaty management, reinsurance processing, claims processing, premium accounting, and reporting. RAPA's objectives are accomplished through issue-oriented initiatives that research, define, and recommend best practices. These best practices are in the areas of business processes, procedures, technologies and management of data. As an association we focus on providing educational materials on topics such as audit best practices, data management, and reinsurance treaty fundamentals.

Reinsurance Administration Professionals Association "RAPA"

1980's
RAPC
Roundtables

1990's
ARA Courses
+
Designation

2000 - 2009
- Changed RAPC
to RAPA
- Operational
Risk Book
- Reinsurance
Programs

2010 - 2015
- Incorporation
-   Website
Enhancements
- Robust
Initiative
Documents

2016 - Ongoing
- Post Level
Term Admin
- Webinars
- Social Media

Initiatives

Data

To create a Guideline for Reinsurance Reporting document for best practices in specific areas of reinsurance administration and data quality. Topics include conversions, communication/notification reporting, taking a treaty from paper to system implementation, samples of typical reporting (exhibits, transaction/inforce files, etc). There are 4 versions available on the RAPA website.
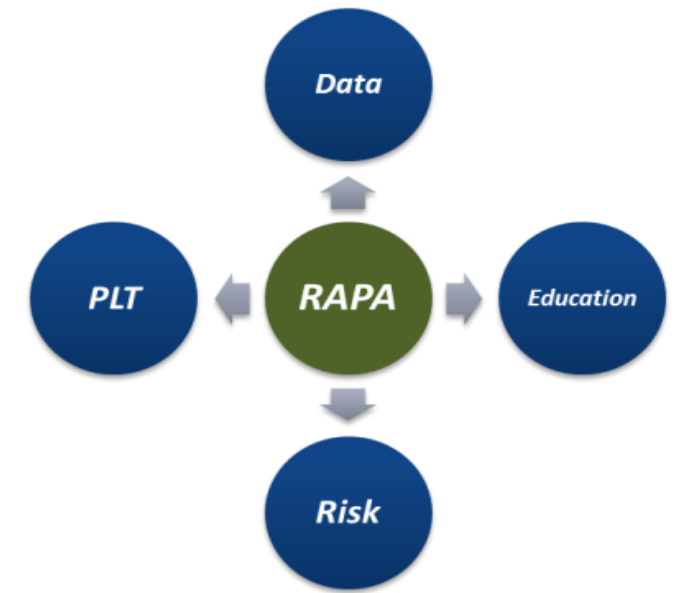
Education

To develop training material presented as a workflow chart for different functions (Direct writer, Reinsurer, Retrocessionnaire) along with a case study to illustrate the impact of processing by using the workflow charts.
The workflow charts for new business and new treaty set up as well as changes, maintenance, and terminations have been completed and are available on the RAPA website.

Risk Management

This is a relatively new initiative with a focus on the development of tools and techniques to provide guidelines on reinsurance risk management methodology and approach. Particularly relating to risk assessment and auditing and compliance reviews of the reinsurance administration function of the direct writers, reinsurers and retrocessionaires. The initiative is divided into two sub-teams, i) Reinsurance Administration Risk Assessment and ii) Reinsurance Administration Audit and Compliance Reviews.

Post Level Term (PLT)

Given the industry focus and administration complexities surrounding PLT, this new initiative has just kicked off. The intent is to gain insight on administration issues and capture best practices with the goal of delivering a white paper document. Subsequently, RAPA will look for opportunities to present its findings at industry meetings.

Educational Resources

Operational Risk Management

RAPA Audit Committee published a reinsurance Operational Risk Management book to capture audit best practices including preparation, execution, all the way through to the final audit report. A very comprehensive read which will benefit those in an analytical role and/or audit function.

## Supplement to Reinsurance Basics Program

- Reinsurance Overview,
- Reinsurance Operations Overview
- Reinsurance Basics
- Supplement to the Reinsurance Basics

The new website is www.loma.org*, under* LOMA LEARNING SYSTEM

In Course Collection

Reinsurance Overview
This course provides an introduction to the fundamentals of reinsurance activities in the insurance ...
List Cost: $84.00   Member Cost: $42.00   Type: Short Online Course

Reinsurance Operations Overview
This course describes the marketing, regulation, and administration of reinsurance. It teaches how r...
List Cost: $84.00   Member Cost: $42.00   Type: Short Online Course

Reinsurance Basics
The course identifies the main types of reinsurance, explaining why insurers use reinsurance and how...
List Cost: $142.00   Member Cost: $71.00   Type: Short Online Course

Supplement to Reinsurance Basics
This Supplement is not a stand-alone course, but rather builds on the knowledge from two LOMA online...
List Cost: $84.00   Member Cost: $42.00   Type: Short Online Course

Guardians of the data Galaxy
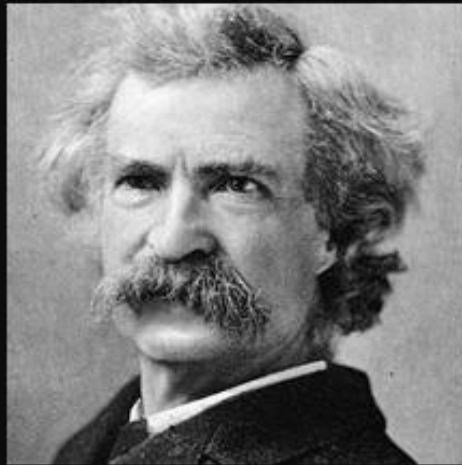
Data is like garbage. You'd better know what you are going to do with it before you collect it.

~ Mark Twain

Guardians of the data Galaxy

- Measured

- Collected

- Reported

- Analysed

- Visualized

- Coded

Guardians of the data Galaxy

- DATA IS EVERWHERE

  - Data integrity
  - Data maintenance
  - Data modeling
  - Data governance
  - Data protection
  - Database
  - Data warehouse

  - Data domain
  - Data analysis
  - Data processing
  - Data entry
  - Data stream
  - Big Data

Guardians of the data Galaxy

Laura Gray

AVP, Reinsurance Administration

Munich Re

INSURANCE ReVOLUTION

CRC CONFERENCE | CONGRÈS | THE 61st ANNUAL CANADIAN REINSURANCE CONFERENCE

Data is central to everything we do

Vision:
One version
of the Truth

How do we get the data?

Pricing negotiates treaties with clients

Treaty is signed and agreed

Minimum data requirements in the treaty

Minimum Data Requirements

Life of a Cession

Client reports cession

Clients self report reinsurance cessions and payments in various formats

Convert to standard format

We convert to a standard format and assign to the unit of account (i.e. treaty)

Validate cession

We check that cessions are reported according to treaty terms, that risk is ours and as per Fac UW offer

Confirm premiums

We confirm that premiums are paid to us appropriately

Pay legitimate claims

When claims are reported, risks are validated and then legitimate claims are paid

Convert to Standard Format

Client data

Milky Way Insurance

EDIX_POL	EDIX_DOB_1	EDIX_CESS_CLASS_1	EDIX_DOB_2	EDIX_CESS_CLASS_2
1234567	19770513	SN	19760208	SS

Drax Life

PolicyNo	Birthdate1	SmkCode1	Birthdate2	SmkCode2
8910564	11/3/1972	N	NULL	NULL

Translated data

POLICY_NUM	BIRTH_DT	SMOKE_ST
1234567	19770513	N
1234567	19760208	S
8910564	19720311	N

Intake and Mapping – Business Process Management tool

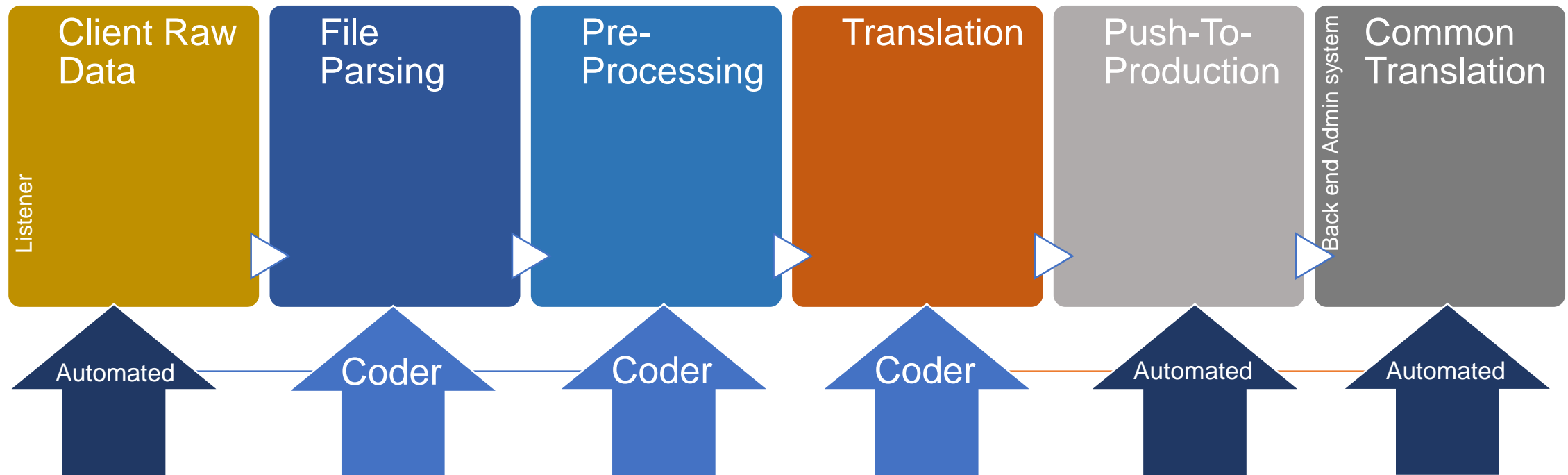| Historical Inefficiency	Business Process Management tool	Business Benefits
• Intake/mapping takes too long • Receive 100's of files in various formats • Both inforce & Transactional • Users look at the raw data for analysis	• Easy to use, transparent • Business rules in the hands of the users • Significant reduction in time to production • Scalable	• Enables business areas to respond quickly to changes • Expanding scope to include billing, claims, group • One version of the truth • Stakeholders focus on core functions rather than data manipulation

File Intake Process Overview

Client Raw Data → File Parsing → Pre-Processing → Translation → Push-To-Production → Common Translation

Listener | Back end Admin system

Automated | Coder | Coder | Coder | Automated | Automated

Clients Report Cession - Sample Policies

Large Risk

- $20M - Life Policy with Dr...
- $25M - Life Po...
- Ap... UW has been given to ...Life for $10M

Do we have enough available retention?

Joint Life

- $200K Joint policy with spouse with Star Life covered by treaty
- Lapses in 2 years...
- Spl... ...cised after 15 years
- Face amount increase to $500K

Is this allowed by the treaty?

Conversions

- $100K – Term 10 policy wi...
- In year 8, con...
- Tre... ...om Treaty 1 to Treaty 2

Are we getting paid appropriately?

Facultative

- $1M policy with Milky Way insurance
- Applicant in poor health, sent f... ...approval
- Rated 200%, MW... ...ity of acceptance Milky way sends to us as a sta... ...nd pays accordingly
- Policy... ...er dies within first year

Is this our risk?

Validating Cessions 🔍

Data Integrity

- Are minimum data requirements satisfied?
- Are values provided legitimate?
- Do values make relational sense?

Treaty

- Does automatic cession fall within the treaty?
- Are treaty parameters satisfied?
- Did the cedant properly retain and reinsure the cession?

Underwriting

- Is cession reported facultative?
- Can we match to an underwriting file?
- Does facultative cession match underwriting offer?

Confirming Premiums & Paying Claims

Confirm Premiums	Pay Legitimate Claims
▪ Premium rates per thousand are paid according to the treaty, especially at renewal time ▪ Cession specific features, ie ratings, flat extra are paid correctly	▪ Claims adjudicators role is to focus on the validity of a claim ▪ Determine whether or not there is any fraud or misrepresentation ▪ Direct bottom line impact

Cessions can change over time

Policy status		How this affects our books
Inforce	Nothing to update	We are owed premium based on the reinsurance amount at risk
Lapses	Policyholder stops paying, not on risk	We may need to refund premium
Reinstated	Policy is inforce again	We are owed premium again
Conversion	Create new converted policy, lapse original term policy	We are owed a different premium
Claim	Claim is made on the policy	We owe the client the reinsurance amount at risk

Stakeholder Uses of the Data

Perform Studies	Assumption Development	Financial Reporting
Experience Studies (Mortality, Morbidity, Lapse)	Best Estimates	Income Statements
Data Mining	Sensitivities	Solvency II
Predictive Analytics	Trends	Regulatory Regimes

Analysis and Validation

Ensure we have completely received data from our clients

Compare IF movement and Transactions

Premium Validation

Ensure our cash is properly collected/paid for risk we assume

Ensure our financial results are related to our economic results
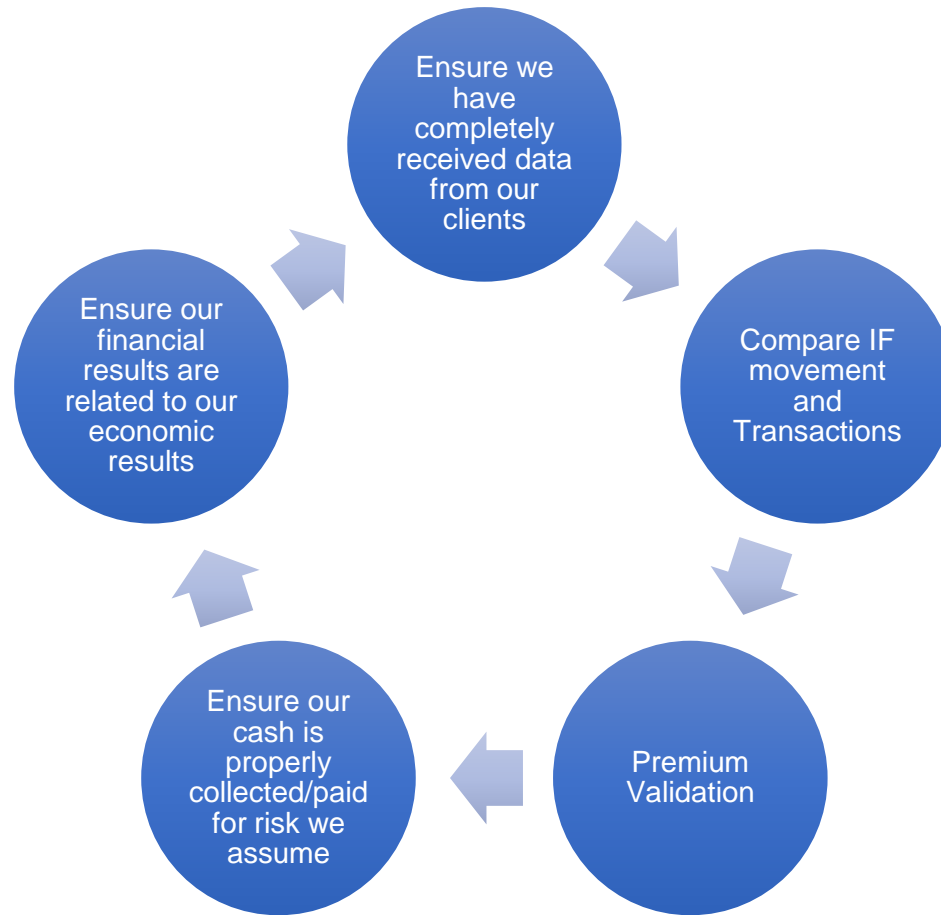
- Processes at the cession record level supports analysis that has financial loss implications such as: Post Level Term Premiums, Lapses, Incorrect premium billings…

- While at the same time "right-sized" for our business resource model

RAPA Data Committee publications

- Reinsurance Guidelines Reporting & Best Practices
  - Treaty implementation workflow & checklist
  - Form for communicating system changes & data
  - Joint claim reporting
  - Zero risk amounts

- Conversion Guidelines matrix

www.reinsadmin.org

Eddie
Martinez

Director, Reinsurance
Administration

AXA US

INSURANCE
ReVOLUTION

THE 61st ANNUAL
CANADIAN
REINSURANCE
CONFERENCE

Best practices and tools to improve processes, analysis, and quality

Retention Management is Key

- Enhanced Client ID matching and thresholds
- New business controls & auto retention calculators embedded in Underwriting tools
- Potential jumbo reviews
- Close to or exceeding limits - binding or corporate
- Back-filling retention
- Sharing information upstream or downstream (preferably before claim)

INSURED
INSURER
REINSURER
RETROCESSIONAIRE
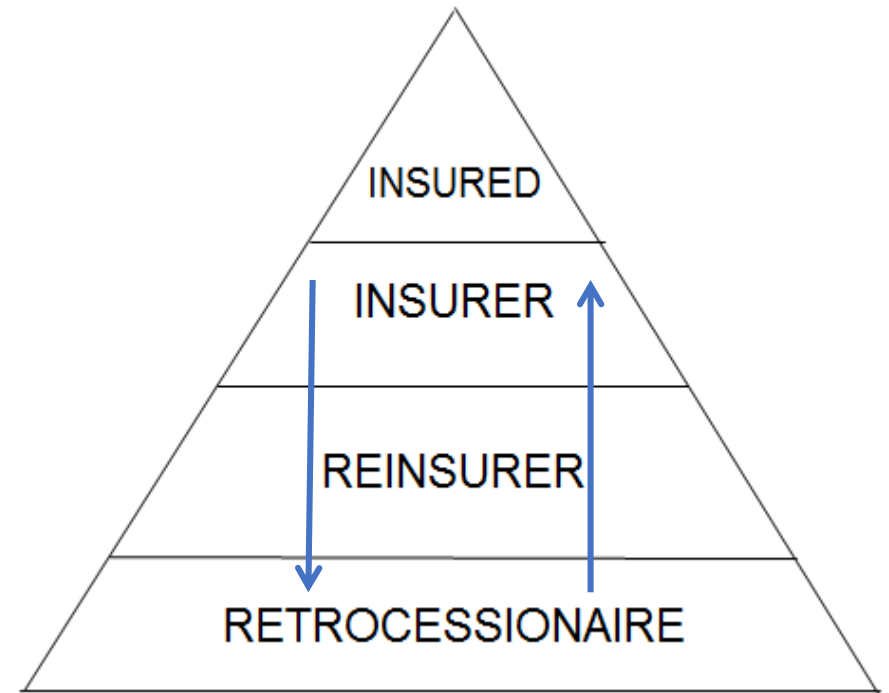
Best practices and tools to improve processes, analysis, and quality

Standardization & Automation of data inflows and outflows

- Are you leveraging IT 'know how' and tools (Advanced Macros, MS Scheduler, Access)
- Automating feeds to and from systems (Reinsurance, Admin tools, General ledger)
- Upfront queries and checks to catch legacy system feed errors, exceptions
- Validating to aggregated inforce database – a one stop location

Best practices and tools to improve processes, analysis, and quality

Automated and Ad hoc financial analysis
- Loss ratios & comparative results year-over-year
- By Reinsurer, Treaty, Product, Program (FDQS, Excess of retention)
- Performing seriatim transaction queries for ad hoc analysis
  - Cession historical review
  - Premium audits

Best practices and tools to improve processes, analysis, and quality

Securing Data, Data leakage, and Business Continuity

- Securing data mitigates legal and reputational risk
- Utilizing in-house SFTP (Secure File Transfer Protocol)
- Installing secured email functionality in Outlook
- Instituting ongoing re-certification of user ID's and passwords - internally and externally
- Assessing counterparty practices and procedures
- De-identifying files

Best practices and tools to improve processes, analysis, and quality

Securing Data, Data leakage, and Business Continuity

Most common sources of data leaks

- Emails sent to the appropriate recipient, but not sent securely
- Data uploaded to websites not approved – SFTP sites should be reviewed / approved by IT
- Email to employee's personal email

Best practices and tools to improve processes, analysis, and quality

Securing Data, Data leakage, and Business Continuity

Business continuity and succession planning

- Network back up nightly and BCP locations tested annually

- Managing email, client inquiries, archives and procedures through shared email boxes and shared folder structure

- Instituting cross training and cross educational opportunities to reduce key man risk, and risk of knowledge loss from attrition

Guardians of the "Data" Galaxy
RAPA

Fall Conference

Join us in celebrating RAPA's 20th Anniversary in St. Petersburg, Florida

Sunday, October 22nd – Tuesday, October 24th

The Vinoy Renaissance Resort & Golf Club

501 5th Avenue N.E.

St. Petersburg, FL 33701

For reservations visit our website:

Reservation Toll Free #: 1-888-789-3090

Use group code:

"RAPA 2017 Fall Conference"

ReinsAdmin.org

Register online today!

THE 61st ANNUAL CANADIAN REINSURANCE CONFERENCE

INSURANCE ReVOLUTION