Duck Creek Technologies

P&C Insurance Company

How a P&C Insurance Company Optimized Its CAT Reinsurance Processes

The P&C Insurance Company wanted to streamline its extensive reinsurance program

The insurance carrier insures homes and businesses for losses from hurricanes, tornadoes, other windstorms, and hail.

Challenge

The accuracy and speed of calculating reinsurance balances based on a complicated reinsurance structure

The carrier writes wind-only policies for personal residential, commercial residential, and commercial non-residential risks. They rely on reinsurance as a form of capital to protect their balance sheet and the policyholders they insure. Their reinsurance structure is very complicated with various layers of excess of loss reinsurance, reinstatement premium protection, and quota share treaties with reinsurers in London, Bermuda, the United States of America, and Continental Europe.

When a catastrophic event occurs, such as an Atlantic hurricane impacting the State of Florida or coastal Texas, it is important that reinsured losses are billed to their reinsurance and collected as soon as possible to support the claims payments made on the direct side of their business.

Solution

The P&C Insurance Company chose Duck Creek Reinsurance to manage its P&C CAT portfolio

Requirements were to find a solution that kept track of the various layers of the reinsurance program and calculate the required premium due to each reinsurer. The system also needs to keep track of reinsurance billings and cash collected by reinsurer, with the proper classification of recoverable on paid loss or recoverable on advance billing.

> "They needed software that would prepare the cumbersome year end Schedule F report of reinsurance required by our state regulators."

\- P&C Insurance Company, Chief Financial Officer

Results

Significant savings

As soon as the project ended, savings were immediately observed.

> "Duck Creek Reinsurance was the clear choice for us.
>
> They have a modern platform and a track record for agile, rapid implementation."

\- P&C Insurance Company, Chief Financial Officer

Main goals:

▶ Without Duck Creek Reinsurance (formerly WebXL), reinsurance recoveries were calculated manually in an Excel spreadsheet

▶ With over 40 different reinsurers supporting the program, each paying at a different time, it was inefficient to monitor the balances that were still in process of collection

▶ Simplify cash collections from brokers which often include a mix of reinsurance recoverable and reinstatement premiums from multiple reinsurers and various reinsurance programs all on one check

▶ The company often bills reinsurers based on claims that have been reserved but not yet paid by said company. This requires them to keep track of cash coming in as an advance rather than a reimbursement of paid losses

▶ All calculations were prepared manually and reports couldn't be produced on a timely basis. This made it difficult to manage the credit risk associated with reinsurance. Now it is done automatically and it is easy to follow.

About Duck Creek Technologies

Duck Creek Technologies (NASDAQ: DCT) is the intelligent solutions provider defining the future of the property and casualty (P&C) and general insurance industry. We are the platform upon which modern insurance systems are built, enabling the industry to capitalize on the power of the cloud to run agile, intelligent, and evergreen operations. Authenticity, purpose, and transparency are core to Duck Creek, and we believe insurance should be there for individuals and businesses when, where, and how they need it most. Our market-leading solutions are available on a standalone basis or as a full suite, and all are available via Duck Creek OnDemand.

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