Duck Creek Technologies

WHITEPAPER

Reinsurance Management: The biggest risk in insurance?

The top risks of using antiquated reinsurance systems.

Table of contents

Foreword

Now, more than ever, the re/insurance industry is undergoing rapid change, adding more complexity, more requirements, more costs and more risk. As insurers navigate reinsurance modernisation, they must recognise the significant role their reinsurance management solutions play in ensuring their current and sustainable long-term success. Despite this change, many insurers are still relying on outdated systems and methods, which are no longer fit-for purpose, to run their reinsurance program. These can impede strategic decision making, hinder contract negotiations and negatively impact business productivity and profitability.

It is imperative that insurers engage with the latest reinsurance technological advancements.

This white paper explores the risks associated with using these antiquated reinsurance management solutions, and highlights the potential consequences including higher reinsurance costs, limited access to data and insights, and increased exposure to cyber security threats or inability to fulfil new compliance requirements.

At a time when every advantage is needed to help insurers take ownership of their reinsurance programs, these antiquated methods may be the biggest factor undermining their reinsurance capabilities.

Insurers must be proactive in reviewing their reinsurance management methods and the associated risks, and open to implementing more modern, and potentially less risky, solutions to help ensure better business and customer outcomes.

We hope you enjoy this paper.

Julien Victor
Managing Director,
Reinsurance
Duck Creek Technologies

Introduction

Reinsurance – insurance for insurers – is a vital function, empowering insurers to offer more coverage to more customers at a more competitive price. It also provides insurers the foundations from which to develop new products.

The reinsurance industry is an innovative and global one, with insurers ceding (selling) their risk in different regions, and packaging and pricing it in novel ways, helping ensure assuming (buying) risk is a good investment.

In previous years, Australian insurance risk was considered a good diversifier, with an abundance of interested buyers. But following several years of costly major natural disasters, reinsurers are now re-evaluating their eagerness to participate in the Australian reinsurance market, with reinsurance premiums and retentions reflecting this.

On top of this, global inflation, raw materials and supply chain constraints, along with soaring energy prices, are pushing up the cost of claims repair or replacement. And the cost of doing business in the financial services sector is also growing exponentially, with regulators imposing increasingly costly compliance requirements on institutions, and competition for customers blowing out acquisition and retention costs.

All this adds to the cost of reinsurance.

In response, local insurers are looking for ways to strengthen their business case with prospective reinsurers or strengthen their negotiating position to ultimately take back control of their reinsurance contracts and costs.

That's why it comes as a shock to find that some insurers are still using antiquated processes and methods to manage their reinsurance contracts and commitments.

At a time when every insight, innovation and advantage is needed to help insurers take ownership of their reinsurance program, these antiquated methods may be the biggest factor undermining it, and this can have detrimental consequences to their operations, risk position and bottom line.

As an industry, we must ask ourselves:

If reinsurance is about reducing an insurer's exposure to risk, why are we still content using risky – outdated and manual – methods to manage reinsurance?

Are these antiquated methods of managing risk-reducing reinsurance now the riskiest thing in insurance?

This white paper looks at these questions, discussing the most common antiquated methods, the risks they pose to those who use them, and the potential costs should something happen.

This paper then considers the modern alternate solutions available, how these could help minimise risks and some of the other benefits.

Types of antiquated reinsurance management methods

Reinsurance can trace its origins back hundreds of years. It is now such that without the reinsurance industry, there'd be no insurance industry.

Insurance and reinsurance go hand-in-hand, yet reinsurance can often get overlooked because it's not the profit driver that insurance is. This has created an environment where little investment has been made in the reinsurance departments at many insurers, so whilst the insurance side of many businesses is undergoing a tech evolution, the reinsurance side is often left using outdated and risky methods to manage their contracts and commitments.

Here are some of the surprisingly more common and potentially riskier methods used by insurers.

Spreadsheets

Spreadsheet applications have myriad uses. Knowing just a few basic formulas and functions such as a VLOOKUP or Text to Columns can help you perform a variety of tasks across all areas of a business.

But despite how Swiss Army Knife these spreadsheet tools can be, no number of VLOOKUPs can allow you to effectively record, access and manage multiple reinsurance contracts worth millions of dollars and the volume of associated information.

These spreadsheet applications are labor intensive to maintain and run, can be clunky to operate and offer no real-time integration with policy, ratings or claims systems. Due to the amount of human intervention needed to run spreadsheets, it's extremely easy to make an error, for instance in a formula or accidentally closing the program without hitting 'save'.

Legacy systems

Some insurers have been successful at designing and building their own IT-based reinsurance management programs. But these systems, some built up to 30 years ago, are still in use today despite the founding environments or languages no longer being supported. These systems are now commonly referred to as legacy systems.

Over the years it's likely these systems have become Frankenstein's Monster-like in pursuit of keeping them up-to-date, with custom fix after custom fix applied. When it comes time for another one of these fixes, there is significant downtime needed, causing a huge disruption to the business. The issue is becoming steadily worse as it becomes harder to find experts in these environments and languages.

Every year, organisations invest increasingly mind-blowing amounts of capital on the upkeep of these legacy systems.

Manual work-arounds and human intervention

Our industry is filled with innovative individuals who should be rewarded for the novel or out-of-the-box 'hacks' they develop for a variety of business problems... except when this becomes the norm, and especially when it relates to day-to-day reinsurance management.

Manual work-arounds and intervention – such as hours spent inputting claims and premium data or drafting and sending regular, templated communications – are generally consuming and repetitive. Not only does the high degree of human input required increase the chance of error; their often repetitive and menial nature could lead to complacency or dissatisfaction, further increasing the chances of error.

Whilst the reinsurance industry may be centuries old, the processes and systems to run it, shouldn't.

If your organisation is relying on any of the above methods, in whole or in part, we encourage you to continue reading as we dissect the top risks associated with their use, and what the potential consequences of their failure could be.

The top risks and consequences of using antiquated solutions

If so much success hinges on a fully-functioning and optimised reinsurance function, why are many insurers still content using risky – outdated and manual – methods to manage their reinsurance program? Are these antiquated methods of managing risk-reducing reinsurance now the riskiest thing in insurance?

Here are some of the top risks associated with using antiquated reinsurance management methods and the potential consequences of an event.

Risks from increasing contract complexities

There are numerous ways to build a contract, with certain structures and conditions preferred for certain categories of risk or lines of business, whilst others favored in certain regions. As insurers grow by diversifying into new lines and new regions, the range of treaty structures they use grows too.

In addition to this, as new and innovative categories of insurance emerge, such as parametric insurance and usage-based insurance, new and innovative treaty structures will emerge.

Re/insurers will attempt to wrangle a variety of existing structures into a single treaty, often combined with new third-party data, to suit the new risk and business appetite.

> *A US-based insurer specialises in coverage for wind and storm damage. Because of the innovative category of coverage they offer, their reinsurance structures are very complicated with various layers of excess of loss reinsurance, reinstatement premium protection and quota share treaties for over 40 reinsurers in London, Bermuda, the U.S. and Europe.*

Antiquated reinsurance management systems and methods have thrived in an environment of treaty simplicity and stability. But as treaties become more complex, they become harder to track and manage using antiquated methods that were never designed for such complexity.

And when you're trying to fit a square peg (complex treaty) in a round hole (antiquated system), problems can arise.

There's the increased chance of claims leakage. Manual and legacy systems may rely on the user having intimate knowledge of the treaties to allow them to know where to look to identify all potential recoverables.

Similarly, for insurers assuming reinsurance, intimate knowledge is needed to understand what can and can't be claimed, or how much a claim is really worth.

In both instances, these antiquated methods are passive and rely on human input – they don't actively contribute to claims management. It's only through the user's expertise that the system can function, and complex treaties make this more difficult.

Audit, reporting and intelligence-related risk

With new risk categories and business lines regularly emerging, such as embedded or lifestyle insurance, there are often new opportunities for insurers to expand or diversify into, and reinsurance needs to follow.

At the same time, audits and reviews are a necessary part of doing business and can come in many forms and at any time, such as teams needing to review claims and treaties, or needing inputs for month end or financial year reporting.

What's common between these examples is the need for data and intelligence.

To effectively respond in both instances, timely and easy access to a range of accurate information, and confidence in this information, is essential.

Antiquated reinsurance management systems may not be equipped or agile enough to easily provide the right data at the right time to allow decision makers to take action or fulfil their obligations. What's worse, the required data is available but inaccessible or in an unusable format.

Most notably, a lack of access to, and transparency over data, especially when it comes to increasingly complex treaties, can significantly increase the chances of claims leakage.

Data deficiencies can impact other teams such as finance and management. Incomplete inputs will contribute to incomplete audits and reporting, which could lead to incorrect impressions of business performance and profitability. Insurers and reinsurers in the European Union are expected to maintain excess capital levels proportionate to the value of risk on their books, as outlined in the Solvency II Directive (2016). The miscalculation of reinsurance risk could result in either inadequate capital reserves and potential punishment, or excessive capital reserves meaning investment opportunities are missed in other areas of the business due to inefficient allocation of budget.

With an inaccurate impression of business performance, decision makers may choose not to take on new opportunities, or may invest in opportunities that, in reality, the business is not resourced for. In instances of over-extension, this can force the insurer into run-off.

For the data that is available and accessible, significant human input may be required to source, compile, prepare and present it. It may need to come from multiple sources and require significant formatting. Having to undertake this process repeatedly and regularly may lead to employee burn-out and job dissatisfaction.

Access to data is crucial when US-based insurers are preparing their complex and consuming Schedule F's. Having to prepare this manually from multiple sources only makes an arduous task even harder and less rewarding.

Data housing, transfer and security-related risks

Reinsurance is a data-heavy industry. Complex contracts need to be stored and accessed, data needs to be processed and analysed to inform better decision making and sensitive claims information needs to be shared between parties.

This information needs to be housed, accessed and shared securely, otherwise businesses and customers can potentially be exposed to hacks, leaks and fraud.

But many antiquated systems rely on antiquated means to store, manage and transfer data – such as saving files on in-house servers or sending sensitive information via email – and this exponentially increases the risks of data and privacy breaches and hacks.

Whilst many organisations do invest heavily in their cyber security, they often have to weigh this investment against the other costs of running the business, and their cyber security budget never ends up enough.

An Australian health insurer experienced a data hack that resulted in the medical details of 3.8 million Australians being accessed, downloaded and shared. Investigators believed that after the login credentials of a senior manager were accessed, the hackers took their time to conduct reconnaissance of the insurers network and in-house systems and then built and installed bespoke software that facilitated that data hack. It was an extremely calculated and sophisticated attack.

When it comes to data security, at a minimum, a data breach represents a significant inconvenience for the business with oversight teams getting involved, investigations occurring and new, mitigating processes being implemented. At worst, it can have serious consequences with punishments including fines, loss of licenses, remediation, court proceedings, reputational damage and associated loss of business.

Regulatory risks

Although end-consumers typically have nothing to do with the world of reinsurance, the failure of the reinsurance ecosystem could have significant and negative impacts on their lives.

Governments and regulators recognise this, and like direct-to-consumer financial products, they regulate reinsurance products and providers to protect the consumer.

Governments and their agencies, across the globe, have onerous and differing regulatory requirements, and they're only going to increase over time. This puts greater pressures on insurers and reinsurers to comply.

Many of the outdated reinsurance management methods just aren't equipped to effectively handle the current and evolving global regulatory requirements.

> *IFRS 17 (AASB17 in Australia) was recently introduced (1 January 2023) and brought very significant changes to the capital accounting and reporting requirements for insurers and reinsurers. It represented a distinct departure from IFRS 4 and because it was so different, it required wholesale changes to the operation of reinsurance management systems and processes.*

As regulations grow and evolve, the onus falls on insurers and their technical experts to keep these older, manual systems or processes up-to-date, to ensure they operate compliantly.

Remaining compliant requires nonstop vigilance. It creates significant strain three-fold – on those who monitor and interpret the regulatory changes; on those who are responsible for actioning the changes by updating the systems or processes, and finally, on those who have to use the often-changing systems and processes on a daily basis.

Despite best intentions, mistakes can be made. For instance, systems or processes don't get updated in line with new requirements, or new processes aren't fully followed, meaning the insurer may be left non-compliant. This usually only comes to light when it's too late.

The consequences of failure to comply with regulation can be severe, including fines, loss of licenses and remediation.

Due to the level of input required to keep these antiquated methods up-to-date, or to run the manual processes compliantly, in combination with the often un-fruitful nature of the tasks, the risks of job dissatisfaction and employee burn-out also increase.

Risks from unsupported technology

Many of the existing in-house legacy reinsurance solutions had been built using outdated programming language, or in environments, that are increasingly becoming unsupported.

Insurers spend tens-of-millions of dollars per year on staff and resources to keep their systems running to modern standards. Over time, these systems evolve to be a Frankenstein's Monster of patches, fixes and work arounds which leaves them increasingly bloated, cumbersome and prone to breaking further. It's a never-ending cycle.

These systems are simply not agile enough to cope with the changes in the modern reinsurance environment.

When these legacy systems fail, there is often significant down time and disruption to large swathes of the business as core tasks can't be performed. Usually these failures are caused by the slightest thing, which is a testament to the fragility of these 'house-of-cards' legacy systems.

As well as disrupting business day-to-day, these legacy systems can limit growth opportunities. With treaties becoming increasingly complex, international market opportunities emerging, and insurers pursuing new lines of business, legacy systems may not be equipped with all the required functionality needed to capitalise on growth strategies. The systems may require time and resources to update, and by that point, the opportunity is either gone or the return diminished.

This impacts employees too. Those who manage and maintain the systems may regularly lose weekends, holidays and valuable family time in order to accelerate maintenance; whilst users may grow frustrated with the system. This could lead to conflict between teams as well as burn out and dissatisfaction from individuals.

Risks from loss of expertise

The in-house experts who have accumulated critical knowledge on how their specialised management systems operate, how their reinsurance contracts work and how to process them, are gradually retiring or moving to other employers. Their loss can significantly impact the performance of a business. Job dissatisfaction and burn out may accelerate this.

For example, their expertise may not get adequately documented or transferred to the successors and this leaves a huge knowledge, experience and performance gap. There may also be a period of down time during the recruitment period.

A European insurer had commissioned their employee to build and manage a custom in-house IT-based reinsurance solution. This employee was the sole expert in the program and ran it for over a decade, until their retirement. Their knowledge and experience was so crucial that after their departure, the insurer was forced to find a new reinsurance management solution.

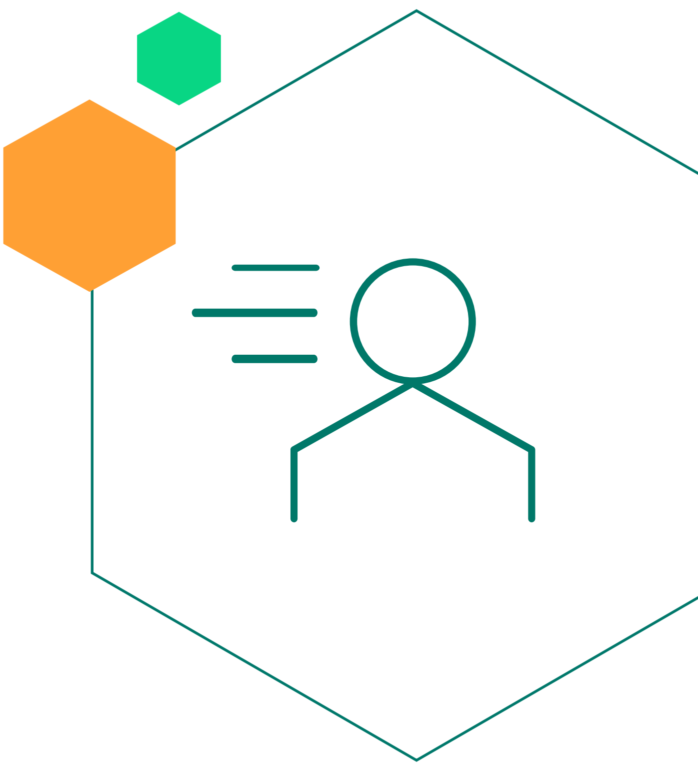
Complex in-house management systems and processes may appear alien to the successor and there may be a period of adjustment of six months or longer, a period where the business can be left exposed.

Furthermore, as the successor becomes more comfortable, they'll likely make changes in line with their own preferences, potentially making the system or processes more complex or prone to failure.

This is all equally applicable for those who maintain the systems and processes, as well as those who use them.

Replacing talent is extremely costly and time consuming. Specialist candidates may be rare and command large salaries. This is magnified when there's a talent shortage.

With the outcomes of loss of expertise including down time, inefficient or ineffective performance and the increased likelihood of system and process failure, any combination of these can potentially cost a business significantly.



Risks from international complexities

Reinsurance is a global business, allowing insurers to access the best international markets at the best costs, either by ceding to global reinsurers (and assuming from global insurers) or by setting up international offices and operations to directly access that market.

Whilst being global has its benefits, it also adds complexities with each national market operating to its own rules, regulations, preferences, currencies and languages. This requires all ceding and assuming insurers to have systems and process in place that can handle the variations of each market they deal in.

> *There are variations and nuances to the London reinsurance market compared to those elsewhere in Europe, whether it be in relation to the outwards reinsurance process, the inwards or assumed ones or retrocessional activities ceding to further reinsurance companies. And whilst many countries rely on IFRS 17 accounting standards, the US uses its own standard, GAAP.*

Many antiquated systems and manual methods may not naturally have all the required functionality to effectively handle the different requirements of various foreign markets; and to get them up-to-date and operational would require costly and time-consuming customisation or the introduction of more work-arounds. With these systems and processes already labouring under the strain of countless adhoc fixes and manual processes, this makes them even less agile and more prone to failure.

For those organisations that operate international offices, it's not uncommon for each office to manage their reinsurance programs using their own local methods, resulting in a lack of standardisation and oversight across the global business.

> *An Australian-headquartered insurer, with global offices, underwent a review of their international reinsurance operations. They found that each of their regional operations ran distinctly different reinsurance management methods and this led to lack of global consistency.*

Running an international reinsurance program using antiquated means can severely limit an insurers' international opportunities, putting them at a competitive disadvantage. This could include having fewer international reinsurance buyers, forcing the insurer to settle for higher premiums from local reinsurers, which would then be passed on to the consumer.

Keeping these antiquated systems and manual processes up-to-date for the complexities of international markets puts severe pressure on staff who have to maintain, navigate and operate them. This can lead to job dissatisfaction and burn-out with the costs of replacing talent high.

And as so much human intervention is required to maintain and manage the outdated systems and processes, there is the increased chance of errors and mistakes, which raises regulatory, compliance and taxation concerns across regions.

Risk of reputational damage

At their core, reinsurance management systems are designed to help facilitate the relationship between insurer and reinsurer. The information contained must be accurate, reliable and timely as it sets the foundations and defines the boundaries of the relationship.

Inaccuracies in information (especially financial information), or the extended time taken to administer processes or deliver information, can put strain on relationships and result in a loss of trust and faith, and lead to reputational damage. For example, with these antiquated systems being highly passive, and lacking adequate reporting processes, insurers may miss crucial payment deadlines, forcing their reinsurer to take action.

This damage often takes a long time to repair and can also tarnish relationships with others not directly affected.

In extreme cases, errors and mistakes resulting from antiquated management systems could result in obligations going unfilled and it being perceived to be done in a deceptive way, and this could potentially give grounds for the termination of treaty. Although rare, this scenario is not out of the question.

In other scenarios, damage to your organisation's reputation could lead to a reinsurer not renewing the policy, or renewing with enhanced terms and conditions, increased premiums or requiring a higher retention. In all these instances, this increases costs which are passed on to the customer.

Finally, any issues that could impact the insurer/reinsurer relationship may also be significant enough to generate interest from regulators, creating further headaches.

It is clear there are a variety of risks associated with using antiquated methods to manage reinsurance commitments, and the consequences from any failures can be severe and costly. What's worse, these risks are usually interconnected, for instance Governments ramping up regulation in order to further protect data, so if an event should occur, the negative consequences are multiplied.

With so much risk derived from still using these antiquated and manual methods, it's really worth considering the alternatives.

The alternative – modern, cloud-based solutions

The first and most significant step to reducing your reinsurance-derived risk is appreciating that you don't have to build, manage and maintain a solution in-house.

The general rule of thumb is, if your organisation doesn't derive a competitive advantage from its current antiquated reinsurance management solution, then it's reasonable for it to be sourced from a third-party provider.

Running and maintaining any system in-house can be viewed as a costly and inefficient use of resource and capacity. These could instead be redirected towards better achieving strategic and more profitable organisational goals.

Instead, there are tech businesses, like Duck Creek Technologies, who specialise in providing modern and dynamic reinsurance (and insurance) delivery and management systems.

For example, with specialist expertise and experience in insurance and technology, and operating across the globe, including APAC, Duck Creek Technologies has developed a reinsurance solution specifically designed to exceed the reinsurance management needs of insurers and reinsurers worldwide.

These solutions are cloud-based, naturally integrate with other core insurance systems (policy, claims, etc), are extremely intuitive to use, and are robust and regularly updated.

In short, these modern, third-party cloud-based alternatives offer excessive functionality, easy usability and maximum outcomes, significantly reducing the risks and consequences of the antiquated alternatives.

Here are some key highlights.

Cloud-based:

With modern reinsurance management solutions, there's no need to incur the excessive (monetary and human) costs of owning and maintaining them. When it lives in the cloud, the burden of maintenance and modernisation is on the provider.

One of the biggest benefits of a cloud-based system is the virtually non-existent downtime, with dedicated teams constantly monitoring performance and events, and updates delivered regularly and seamlessly, with redundancies to ensure the system is always on, accessible and productive.

Operating in the cloud has myriad of other advantages including offering elastic capacity to handle ebbs and flows in demand; lowering overheads as you're not running power-hungry mainframes and server rooms; reducing the number of man hours on maintenance and management; and universal, standardised access – whether logging in from home or from a different country.

This affordable and accessible standardisation without the maintenance means that insurers can operate and invest resources more efficiently and effectively, enhancing business outcomes, reducing employee dissatisfaction and providing greater stability and certainty from which to innovate off.

Data security and compliance:

Cloud-based, modern reinsurance solutions, such as those offered by Duck Creek Technologies, operate to some of the highest standards of data security. For example, data is managed in the cloud through premium providers like Microsoft Azure and AWS and these global businesses invest significantly in ensuring their data security. These brands invest more into data security alone, than most insurers' invest in their total tech budget.

At the same time, these modern solutions are designed and maintained to help insurers satisfy local and foreign compliance and regulatory requirements. Even though these systems operate globally, they're maintained by regional teams with the local expertise needed to ensure that the solution is kept to the upmost standards.

What's more, these modern solutions provide all the reporting and accounting functionality needed to ensure transparency and to produce required evidence. As an example, Duck Creek Reinsurance automatically generates Schedule F reports, saving significant man hours.

Automation and intelligence:

These modern reinsurance solutions are inherently smart and intuitive, and a great feature is the ability to set up automatic and event-triggered end-to-end processes that can run in the background. For example, Duck Creek Reinsurance can identify all potential claims following an event and initiate the claims process, helping ensure maximised recoverables and a faster close. It can also estimate payouts to help reduce leakage and can auto-send communications to vested parties, as required. These smart and automated processes can significantly reduce the manual effort required for day-to-day operations, freeing up valuable mental and physical capacity. They also help eliminate the chance of human error.

Prioritised user experience:

Typically, antiquated systems and processes that have evolved over time end up with a clunky and tiring user experience that reduces productivity. Often staff need to develop special knowledge to operate these evolving systems, and this ultimately makes them less accessible and usable to everyone else.

Modern, cloud-based third-party providers, like Duck Creek Technologies, appreciate that it's the people using the solutions that create the value for the business, and that value and productivity can be increased through an enhanced and natural user experience.

That's why the useability of these solutions is prioritised, so they're quick, easy and enjoyable to navigate, with all the required functionality and tasks within easy access, at the right time.

For instance, with Duck Creek Reinsurance, new treaties can be created by simply copying and pasting previous treaties.

With the user experience prioritised, reducing the number of redundant steps and processes required, employee effort and dissatisfaction is decreased, more time and capacity becomes available for more profitable opportunities and the chance of human error and its consequences, is drastically reduced.

International development teams delivering seamless updates:

The best modern reinsurance management solutions are maintained by teams situated across the globe, who are experts in local market conditions, regulations, customs and requirements. This allows them to deliver regional-specific content, updates and amendments. Duck Creek Reinsurance is operated and maintained by teams in the US, Asia-Pacific and throughout Europe, and has over 5,000 person-days invested in it each year.

These updates are delivered regularly and seamlessly, reducing downtime and ensuring the solution is always regionally up-to-date and compliant.

What's best is that despite the unique features offered for specific regions, these systems are still globally consistent, providing global oversight and control.

Data availability, reporting and accounting:

The top modern, cloud-based reinsurance management solutions, such as that offered by Duck Creek Technologies, have been designed with modern and future data needs in mind.

They're built with dedicated data and reporting functionality which provides many opportunities to collect rich data. They compile data in standardised and usable formats and they offer intuitive reporting functionality to ensure information and insights are always accessible, at a moment's notice.

As these solutions have been designed to suit a variety of global markets, regionally-specific ready-made reports and statements are available at the click of a button – such as Schedule F in the US, LORS/LPSO in the UK and Solvency II in Europe. If the reports you need don't exist, there is the ability to design custom reports and statements by slicing and dicing the data from various angles, at an aggregate or individual level. The generation and distribution of these reports can be automated as well.

Integration:

Where in-house legacy systems typically operate to the specifications of their owners and any integrations with complimentary systems require significant modification (at a significant cost), the top modern reinsurance solutions are designed to easily integrate with other complementary insurance and business solutions, such as policy, claims and document management solutions; predictive modelling tools or tools like Business Objects.

This ensures that the reinsurance platform is the central and reliable source of reinsurance-related information, giving stakeholders better transparency and greater confidence in the information.

Furthermore, with these solutions inherently designed for integration, it ensures they won't turn into Frankenstein's Monster upon the addition of more functionality.

Duck Creek Reinsurance is supported by a network of vetted and recommended complimentary solution providers, meaning you can get an out-of-the-box solution up-and-running in comparatively no time.

Expertise and community:

When you engage with a leading provider of a top modern reinsurance management platform, you're not only getting a secure cloud-based solution, you're also getting the dedicated expertise and support of the provider in a team environment.

For example, when working with Duck Creek Technologies, a team of technology and insurance experts can be embedded within an insurer's business to help deliver the best outcomes. During the evaluation and installation phase, they can be on site and able to provide all the support needed to ensure that the solution is delivering maximum value in the context of an insurer's specific market, conditions and available resources. Once the solution is up-and-running, support is ongoing.

Furthermore, you'll be joining a community of similar users (with Duck Creek Technologies, it's a global community of over 60 of the biggest insurance and reinsurance businesses), which helps accelerate the development and implementation of product innovations. Through community groups run by Duck Creek Technologies, the customers have direct input into the changes they want to see made to the reinsurance solution in their market.

Conclusion

The reinsurance function is vital to the stability, sustainability and growth of the global insurance industry. Without it, the quality, scale and diversity of coverage offered to consumers and businesses would be severely restricted. As more frequent catastrophic disaster events and increasing repair and replacement costs drive up the cost of doing business, reinsurance is playing a crucial role helping absorb some of this, ensuring it's not all is passed on to the consumer.

When we quantify reinsurance transactions, we talk in millions of dollars – no small change. So to know that insurers are still tracking their reinsurance contracts and managing critical information using antiquated methods such as spreadsheets, manual work-arounds and in-house legacy systems, beggars beliefs – especially when you consider the cost of the risks associated with these methods, ranging from range from business interruption, fines, forced run-off and even loss of license.

But these antiquated methods aren't the only option for reinsurance departments. There are modern alternatives, such as that offered by Duck Creak Technologies, built for the job of modern (and global) reinsurance management.

These modern solutions operate to future standards, and as they're delivered via the cloud, it means that significantly more of the overheads, security and maintenance lie with the provider, not your organisation.

They're easy to use (despite the complexities of reinsurance) and have more than enough specialist functionality to ensure that they are, really, the only solution your organisation needs to manage its reinsurance commitments, both ceded and assumed. Most importantly, they help eradicate the risks of using the old, antiquated reinsurance management methods.

This leaves insurers to do what they do best – offer the best protection possible and maximise consumer and business outcomes – without distraction.

The benefits of the modern alternative for reinsurance management are obvious.

You've already taken the first step by reading this paper. Why not take the next?

Let us give you a quick demo the Duck Creek Technologies reinsurance management solution.

Request a demo by visiting **duckcreek.com/request-a-demo**.

Or find out more about Duck Creek Technologies' reinsurance management solution at **duckcreek.com**.

Duck Creek Technologies

Visit us at

www.duckcreek.com

Boston | Bolivar | Chicago | Columbia

+1-833-798-7789 (U.S.)

Sydney | Mumbai

+61 1800 430 929 (APAC)

London | Madrid | Paris

+44 800 029 3523 (U.K.)