



REINSURANCE LIFE-CYCLE MANAGEMENT WITH SAP® REINSURANCE MANAGEMENT

Better Risk Management and Business Processes Drive Successful Reinsurance Strategy

Insurance risks have never been more complex and challenging to manage. As a primary insurer, your reinsurance strategy significantly affects your overall insurance capacity, profitability, and risk. Success lies in finding better ways to handle the data needed to execute and manage reinsurance treaties, while fulfilling compliance requirements. The SAP® Reinsurance Management application – part of the SAP for Insurance solution portfolio – helps optimize the business operations of your entire reinsurance business.

Heavy losses, intense competition, and an unfavorable insured portfolio have an adverse effect on the combined ratio, and therefore on the competitive strength of insurance companies. By purchasing reinsurance coverage, insurance companies can minimize the negative effect of these factors and pursue other company objectives. As a primary insurer, it is critical for you to optimize your strategic reinsurance coverage. To succeed at this, you and your decision makers need fast, accurate answers about every aspect of reinsurance coverage: What is the structure of your reinsurance coverage? How much premium do you have to pay to your reinsurers? How much coverage do you have in case of a loss? How is your overall reinsurance coverage affected over the year?

Today, the reinsurance management business often involves inconsistent and time-consuming manual business processes, and is lacking in transparency, performance measurement, and analytical and reporting capabilities. The ideal reinsurance administration solution not only offers tools to streamline and optimize reinsurance business processes but also allows analyses and management recommendations to be delivered quickly, accurately, and cost-effectively.

The SAP® Reinsurance Management application can help you handle the complete reinsurance life-cycle process efficiently – from the administration of treaty data and facultative information to claims management and reinsurance accounting. As a single source of data, SAP Reinsurance Management provides the basis for further analyses in the area of portfolio and risk management and therefore supports strategic decisions regarding the optimal reinsurance coverage.

Support for All Reinsurance-Related Business Processes

SAP Reinsurance Management provides support for the full range of business processes that comprise your reinsurance activities, building in added efficiency, flexibility, and controls across the reinsurance life cycle.

Profitable Underwriting Through Flexible Treaty Administration

Documentation and administration of reinsurance contracts together make up an important reinsurance process for a primary insurer as well as for a reinsurer. This fundamental process is reflected in the treaty administration functions within SAP Reinsurance Management, as these form the basis for all financial transactions. The software is a complete solution for assumed and ceded reinsurance business. You can use contract terms and conditions to calculate premiums and claims payments automatically, eliminating the need for manual spreadsheet applications to manage complex aggregates, special limit conditions, or different types of commissions that are common within the industry. The software accommodates specific retrocessions as well as corporate and pool retros, automatically checking for coverage and generating the appropriate accounting transactions. It also helps you predict, estimate, and show your risk accumulations and estimate reserves.

User interfaces for both proportional and nonproportional reinsurance contracts make it simple to enter the terms and conditions, allowing you to capture and calculate financial details. With this flexibility, you can capture and use complex conditions to calculate financial transactions. This flexible condition management enables you to define reinsurance conditions for the entire treaty, for components of the treaty, or for the share for each reinsurer participating in the treaty. In addition, you can include multiple time periods with varying conditions within a single treaty or a single component of a treaty. This provides a traceable history of claims and losses and can improve your pricing decisions in future negotiations.

Statistics functionality and user-friendly reporting tools allow you to create flexible evaluations and data analyses, providing full transparency of your entire portfolio.

Efficient Operations Through Easier, Integrated Claims Management

Integrated claims management functions within SAP Reinsurance Management help you administer both single losses and large-loss events – such as natural disasters – on a ceded as well as an assumed basis. The assignment of single losses to loss events enables you to include event-related treaty conditions and analyze the net of events. Because the application handles the claim as an independent entity, you can assign multiple contracts from a variety of reinsurers to a single claim or event. This functionality makes it easier and more efficient to report and manage losses.

After you assign the claim to a contract, the application generates the appropriate accounting and statistical transactions according to the parameters of the agreement. With SAP Reinsurance Management, you can calculate the losses from the ground up for an excess of loss contract, which helps you account for each dollar of a claim – from below the retention to above the limits – and monitor claims stringently.

Increased Management Control Through Streamlined Reinsurance Accounting

SAP Reinsurance Management supports the period of settling of accounts after a treaty ends. It considers all movements for a position, including losses. The application automatically handles calculations for all agreements with result-independent conditions – such as commissions, reinstatement premiums, and adjustment premiums – that you establish in the abstract for each contract. It automatically calculates all accounting data for ceded and assumed reinsurance according to the contract agreement for each reinsurer or retrocessionaire participating in the contract. When you are optimizing your business processes, the advantages of this approach lie in the transparency and consistency of the processed data, since information need only be entered once and is then available as required.

SAP Reinsurance Management also optimally supports the requirements for fast close and the preparation of parallel financial statements using different accounting principles. Thanks to the prognosis and estimation functions in the software, all the relevant postings (final accounts and estimates) are consistently and efficiently provided on a key date to enable creation of the financial statement. If your company uses different accounting principles, the software performs all the relevant calculations for multi-GAAP accounting and provides the data for the financial statement in line with the required accounting principle, as well as the ability to drill down to analyze the results.

Risk Manager Property and Casualty Functions for Single-Risk Coverage

The risk manager functionality within SAP Reinsurance Management supports transactions for property and casualty business that require coverage of individual risks. This functionality enables facultative reinsurance cessions based on primary policy information and helps you manage objects, contracts, and share of risk. It can help you centrally control various risks and policies as it automatically calculates coverage and reinsurance requirements. You can also group policies to support the accumulation process. The flexible structure of the risk manager feature helps you map complex risk-related contents and forms the basis for transparency and control in your company.

Functions for risk-share management help you perform tasks for risk-based reinsurance, such as:

- Aggregations of gross and remaining liability
- Capacity checks
- Creation and administration of cessions
- Cession calculation and recalculation

Strategically Position Your Company Through Superior Reporting and Analytics

SAP Reinsurance Management offers extensive options for analyzing accounting and claims data on an accounting, underwriting, or occurrence-year basis. The application also helps you create individual reports with which you can perform the following activities:

- Statistical analyses
- Graphical analyses for illustrating trends and managing thresholds
- Ad hoc queries
- Data export to Microsoft Office and statutory reporting tools

Integration with the SAP NetWeaver® Business Intelligence component provides additional analytical functions.

Improvements in Every Area of Your Reinsurance Portfolio

SAP Reinsurance Management delivers a broad range of business benefits for primary insurers and reinsurers. The application can help you improve the gathering and analysis of reinsurance information, provide visibility across your entire reinsurance portfolio, enhance the quality of your data, and improve risk assessment and control. SAP Reinsurance Management also simplifies your ability to comply with International Accounting Standards, the Sarbanes-Oxley Act, and local accounting rules. It provides real-time analytical functionality that your managers need to make critical strategic decisions.

SAP Reinsurance Management can increase accountability by improving data availability. It can also help you lower the need for working capital, decrease operational costs, and increase efficiency by streamlining administrative tasks and improving business processes.

Powered by SAP NetWeaver

SAP Reinsurance Management is powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business applications rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.

Find Out More

If you would like to know more about SAP Reinsurance Management and learn what this application can do for your company, visit www.sap.com/insurance.