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Policy Administration for Specialty Lines

Is it Really Special?

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Definitions: Specialty, Excess, Surplus

Specialty insurance covers complex and/or unusual commercial risks. For US-based risks, ISO forms are usually not used, or else heavily modified

Examples of types of risk include: D&O, marine, aviation, energy, fine arts, terrorism, crop, satellite, war, etc.

Excess insurance provides coverage over a primary policy or a self-insured retention.

Surplus insurance in the US is written on risks that no admitted, licensed insurer is willing to accept.

How special is specialty?

“Our requirements are so unique they cannot be met by package solution. Building is our only option.”

– London Market Insurer

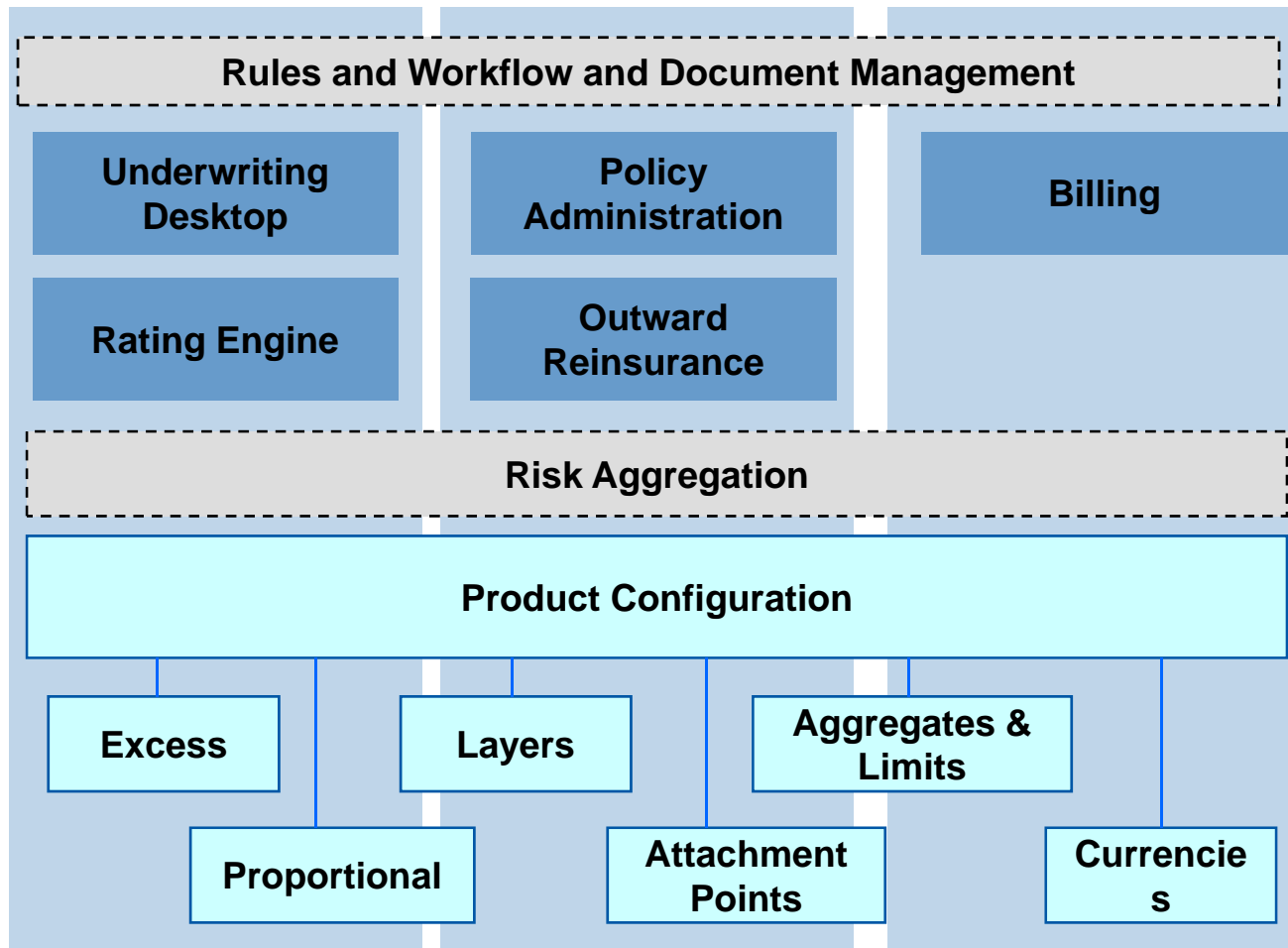
“There are no solutions on the market for us.”

**– Bermuda Speciality
Insurer**

Answer: It is pretty special

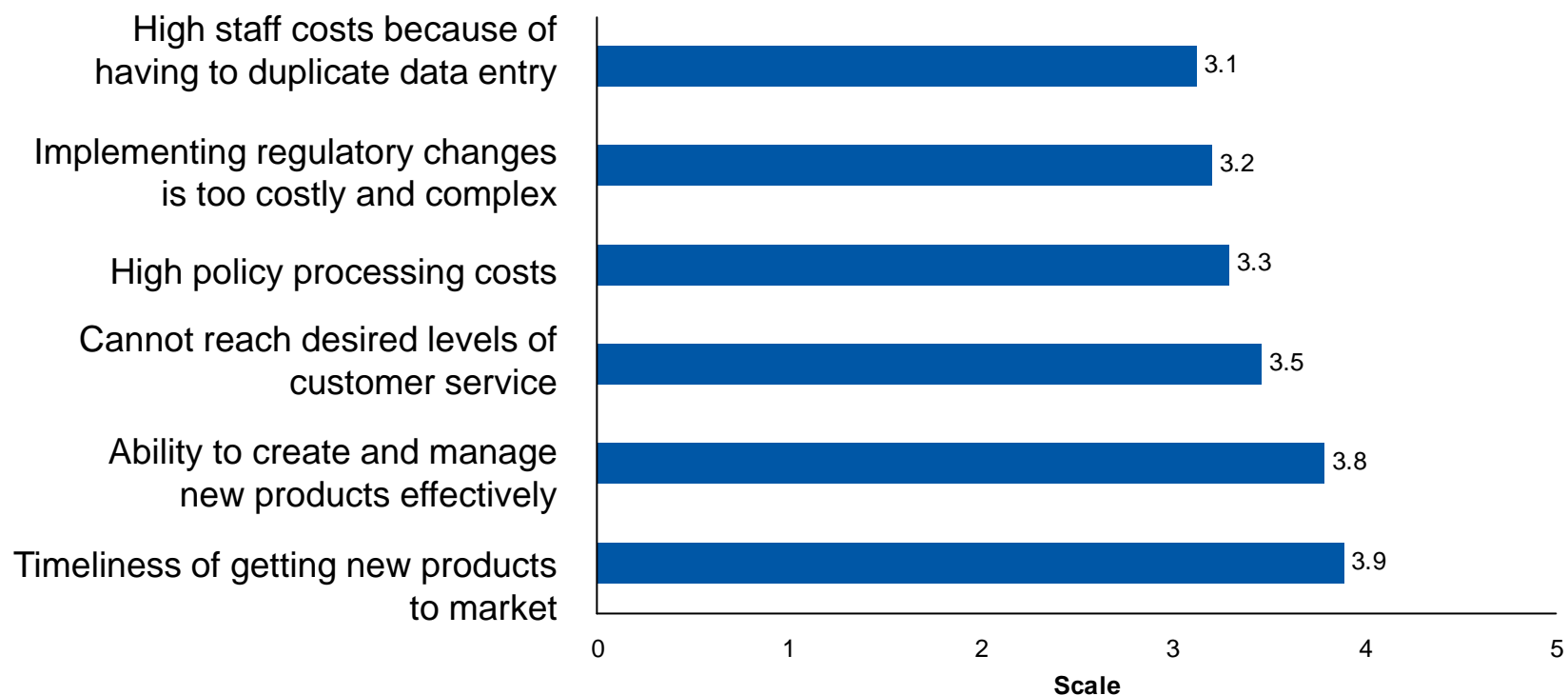
- Market agility
 - Ever changing set of product configurations and operating models.
- Global in nature
 - An increasing number of insurance enterprises are responding to broker and policyholder needs
 - At Lloyds, and also in the broad London market, EU, Bermuda, and other offshore locations
 - And within the US on both an admitted and non-admitted basis
- Each insurer choice of vendors and solutions will depend on its unique set of requirements
 - Lines of business and countries (regulations, currencies, policy documentation)
- However, some vendors may be willing to expand upon their specialty experience by entering a new region
 - And many have sophisticated product configuration tools that can potentially support almost any line of business.

Elements of a Specialty, Excess, or Surplus Policy Administration System



Business reasons to change

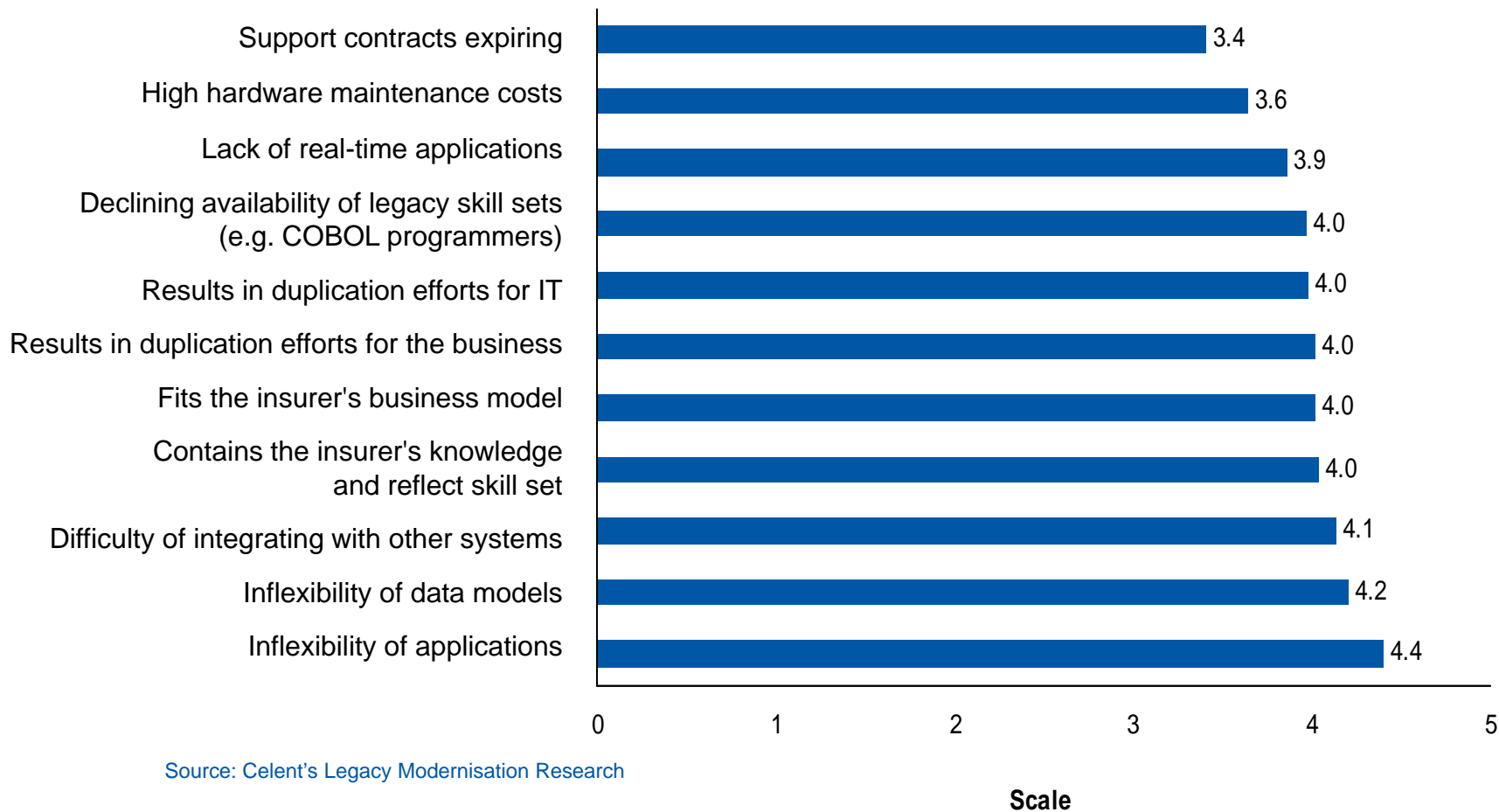
What is the impact on your business of your current IT environment?



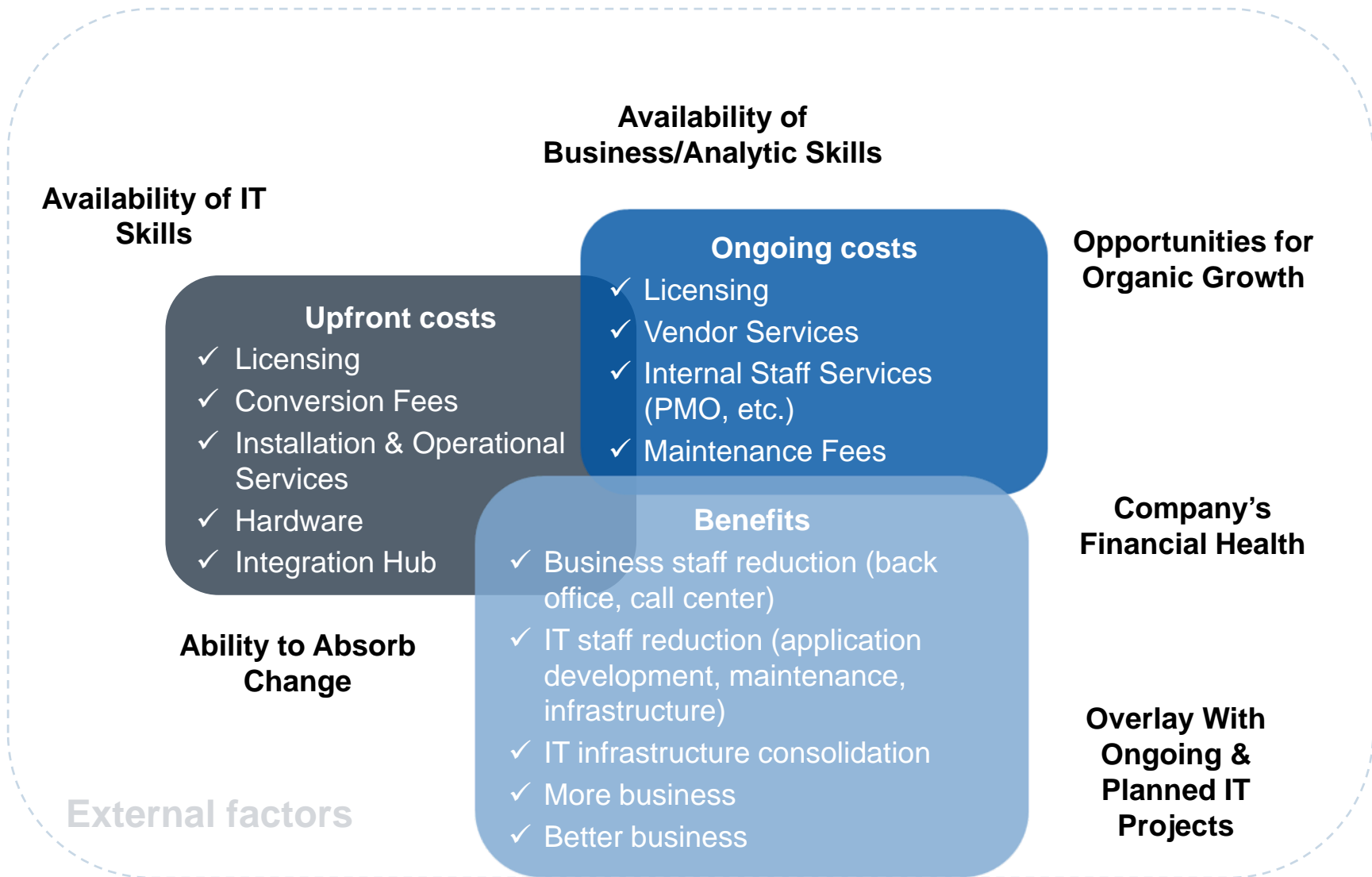
Source: Celent's Legacy Modernisation Research

IT reasons to change

How important are the following issues regarding legacy systems to your organization?



Building a speciality policy admin business case



Conclusions

- Specialty is special, and so is specialty policy administration needs
- Build vs. buy is a legitimate question – but think about where you really add value
- There are good packages to buy

Section 2

Policy Admin solutions for Proprietary lines

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Section 3

Excess & Surplus Lines P&C Insurance

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