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**Digitization and Process Automation
in a small reinsurance entity**

**ICMIF Meeting of Reinsurance Officials (MORO) 2022
Wiesbaden, 18 May 2022**



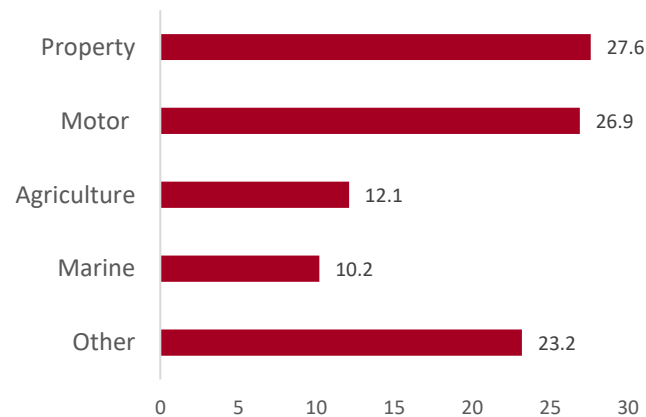
Echo Re Key Facts & Figures

Key Facts & Figures Financial Year 2021

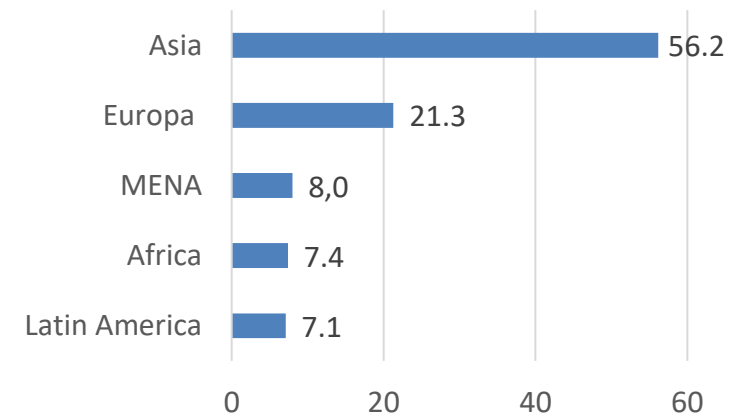
• Gross written premium	CHF 241.9m (2021: CHF 226.7m)
• Annual profit	CHF 5.4m (2021: CHF 0.6m)
• Equity	CHF 149.2m (2021: CHF 118.8m)
• SST-ratio	206 % (2021: 151 %)
• Number of active client relationships	257 (2021: 251)
• Number of countries (active client relations)	55 (2021: 53)

Portfolio split by LoB / Region

split by Line of business (in % of GWP)



split by region (in % of GWP)



Echo Re's baseline situation

Excellent business process knowledge but limited financial & IT-resources threaten the realisation of digitization projects



Manual processes based on paper files



“Lethargic” process environment & lacking culture of change



Comparatively low absolute budgets & scale effects
(Return on Investment)



No dedicated internal IT-development and project management resources

BUT:

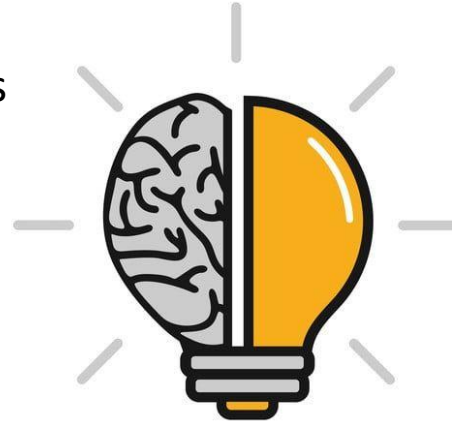
- Excellent internal process and (SICS) system knowledge
- Single talents with experience in eMessaging projects taking the role of “change ambassadors”
- Management support to prepare operational departments for the further upscaling of future business



Echo Re's Digitization Project Approach: *Search for external partners helping you to leverage in-depth business knowledge*

Echo Re

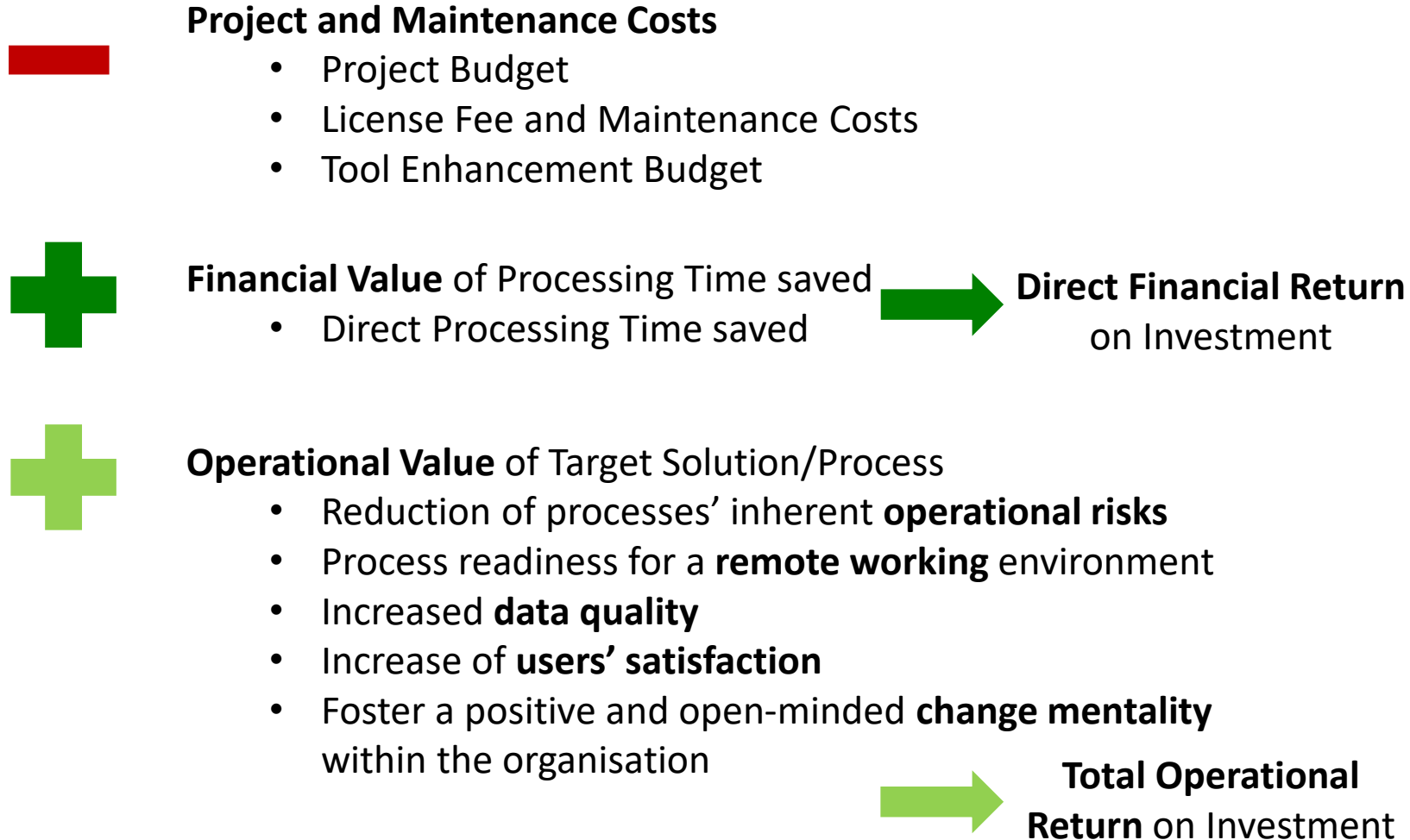
- Trying to “bargain” on project budgets by creating WinWin-situations for projects partners
 - Joint development of products which can be resold to other clients
 - Sharing our business knowledge and testing data as “Intellectual Property” for free
- Assuming “Business Analyst” - alike functions in projects
 - Availability of data standards (e.g. ACORD for eMessaging) & competition of different software providers & focus of large reinsurers on own in-house solutions allow smaller reinsurers like Echo Re to leverage own position with project partners



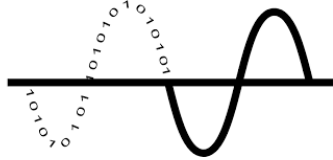
Project Partner

- Solution-oriented consulting and development skills (no “generic” business consulting)
 - Use of market standards and standard APIs to reduce dependency from single providers
- Prototype or pilot project phases to ensure “fitness” to deliver product successfully

Echo Re's Digitization Project Evaluation: *Financial Return on Investment is a central KPI but not the only way how we measure project success*



Echo Re's Digitization Project Approach: *(Reinsurance) Accounting processes are eminently suitable for automation through digitization*



Accounts are usually still provided as **pdf-files only**



High consistency of account formats provided from the same business partners

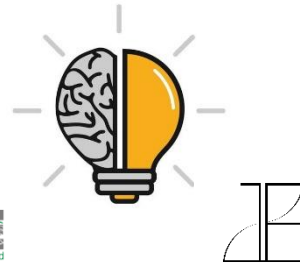


Limited number of treaty features makes the mapping of source data to target structure relatively easy

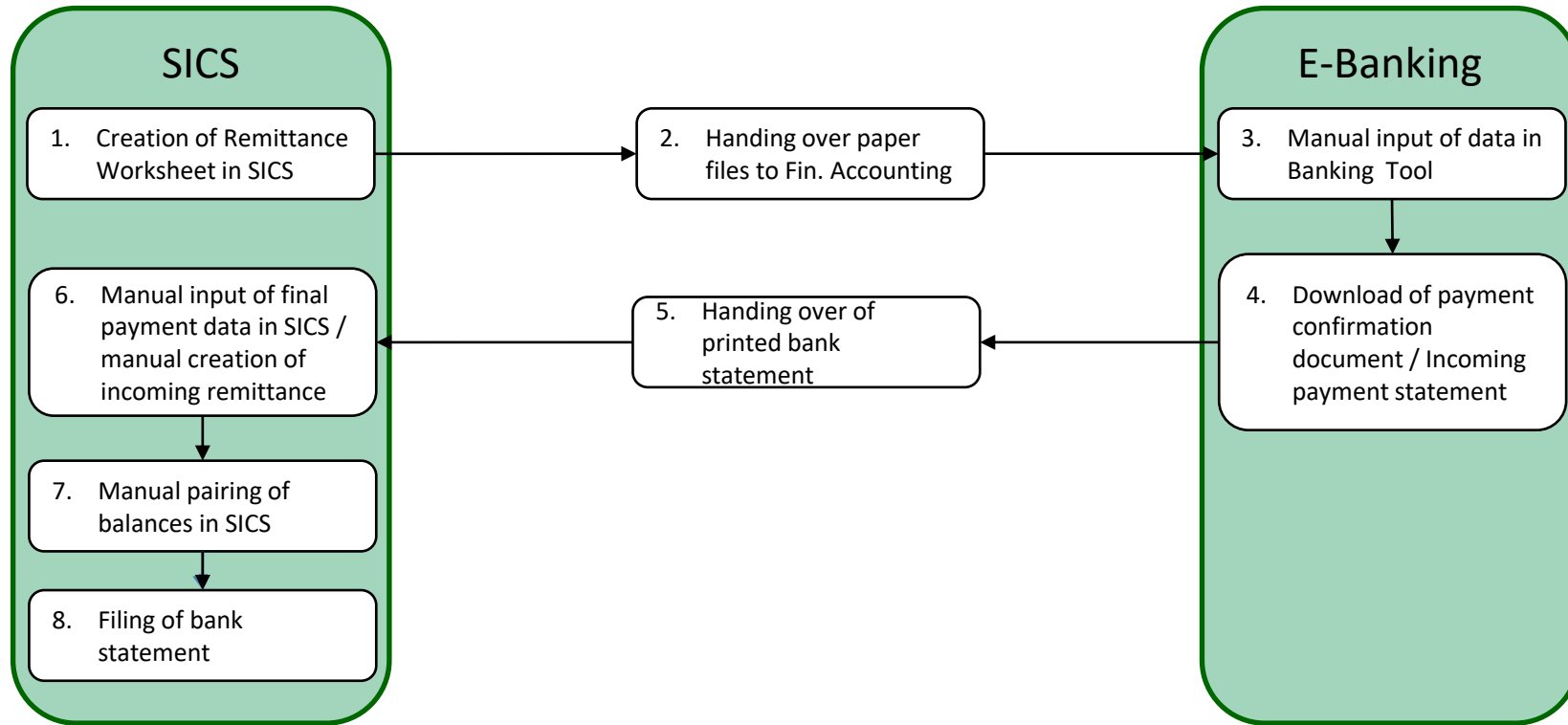
(Pilot) Projects started at Echo Re

- Automated Transfer of Remittances (incl. balance settlement)
- Implementation of ACORD-based platform for automated handling of Technical Accounts
- *...further areas/processes to be evaluated*
 - “Holistic Underwriting Cockpit”
 - Financial Accounting Processes (General Ledger, Expense Handling, etc.)
 - ...

Automated Transfer of Remittances between SICS and e-banking



ABLE – Initial Data Flow and Process Structure



High manual effort for exchanging and entering of data



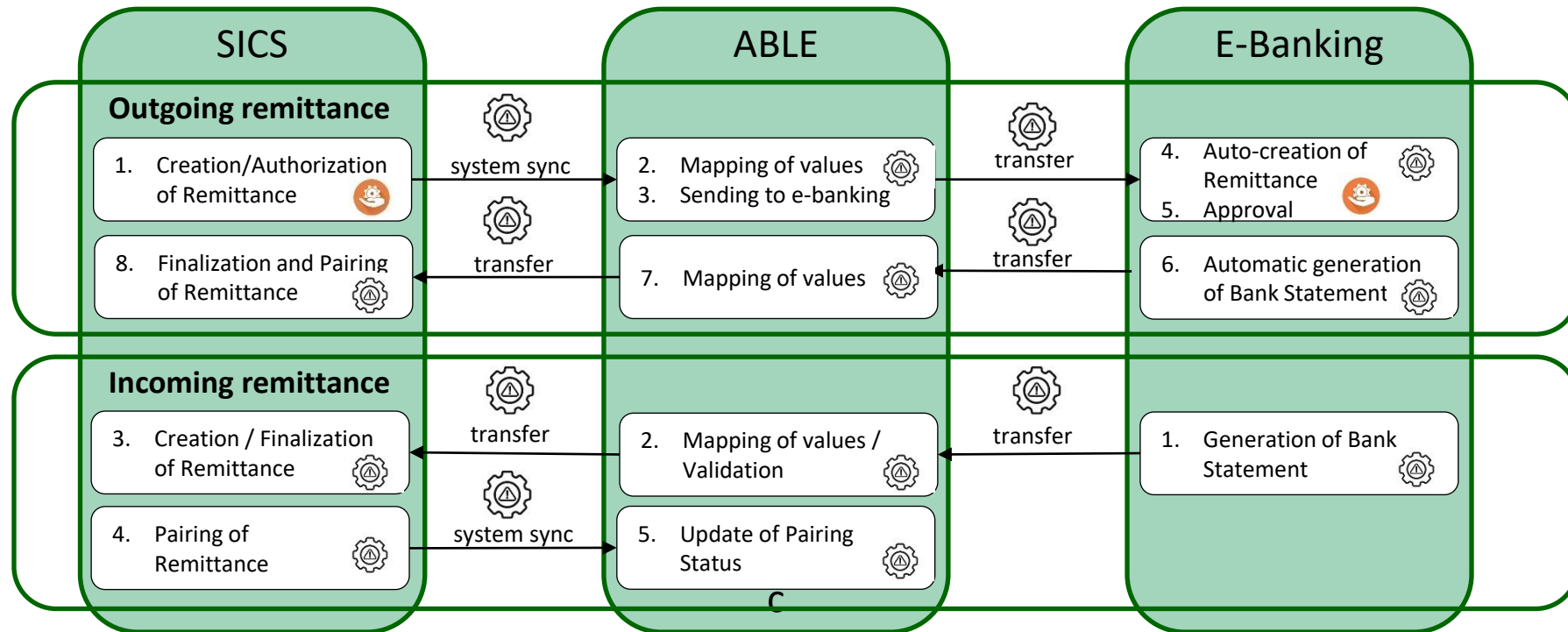
No automated data validation and manual re-typing of data increases risk of errors





Regular manual reconciliation required due to frictions along the settlement process



ABLE – Data Flow & Process Description



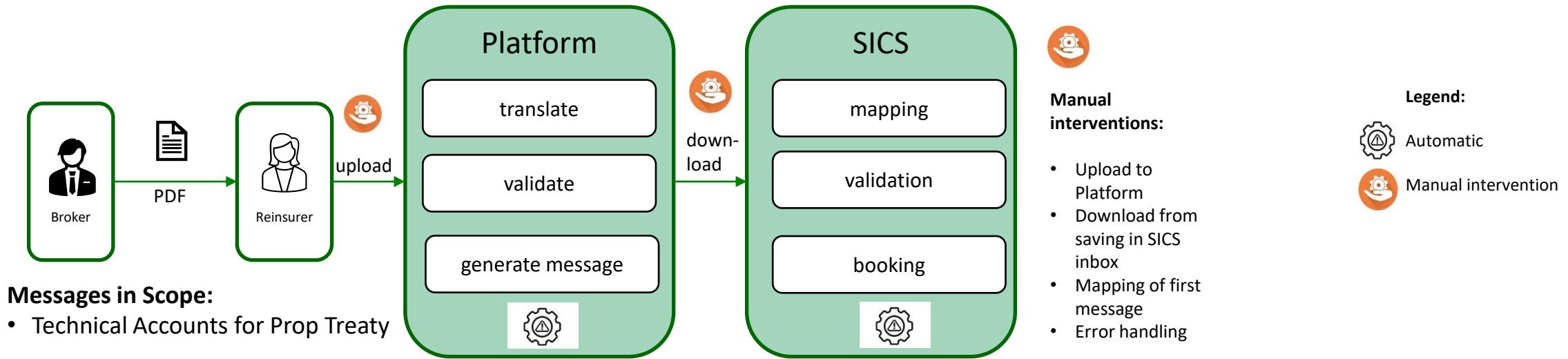
Legend:

-  Automatic
-  Manual intervention

- Development and **implementation in < 6 months**
- Reduction of more than five manual user interventions to **only one manual process step** for standard process
- Improvement of processes embedded compliance features
- **Reduction of regular reconciliation effort**

Automated Booking of Technical Accounts via eMessaging functionalities





Pilot projects scope/approach

- **Agile and iterative integration** of functionalities along the whole process
- Focus on **core functionalities & integration** into core system as this is expected to be a stable technical demand regardless of way data is fed into the system
- **80/20 rule applied** to integrate Account Mappings for single Business Partners

- I.** Better start early and with an **iterative implementation process** than to wait for an “ideal” technical solution
- II.** Understand data flows and (target) process structure first; only then start discussions about the technical integration
- III.** Increase your flexibility and independency from single vendors by **using solutions based on technical standards and standard interface functionalities**
- IV.** Make sure to proactively engage with all involved **(indirect)** stakeholders

Echo Re's Digitization Project Evaluation:

Happy to follow-up with you...



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