CUP2Intranet - How to launch a new insurance product into the market with SAS/IntrNet™

Dr. Gero Niessen,
Gerling General Insurance Group

Torsten Rosenkraenzer,
Information Works
Agenda

- Our companies
- What is CUP?
- CUP premium calculation
- CUP calculation tool
- Why Intranet? Why SAS?
- Realisation process
- Presentation of the calculation tool
One of the leading industrial insurers in Europe

Headquarters in Cologne, Germany

Operations in more than 30 countries on five continents

Staff: Worldwide 10,000 including 8,000 in Germany

Premium volume: DM 16.6 billion in 1999
INFORMATION WORKS

- Complete solutions of requirements analysis, design, development and management for information delivery projects.

- Specialized man power as well as technology consulting and know-how transfer through coaching.

- Experience with project sizes of up to several years and with different task focuses, e.g.:
  - Planning- and reporting-applications
  - Key performance indicator systems for management success evaluation
  - IDP-Toolmigration
  - EIS/MIS/DSS and data warehouse

- SAS Institute Quality Partner
Some of our clients

Bundesamt für Finanzen
Data Warehouse / Managementinformationssystem

Gerling Konzern - Haftpflichtcontrolling
Data Warehouse

Deutz AG
Data Warehouse / Managementinformationssystems

ERGO Konzern
Reportingsystem

Flughafen Frankfurt Main AG
Object oriented application development

Mannesmann Arcor AG & Co
Data Warehouse

Signal Lebensversicherung
Data Warehouse / Sales Informationssystem

Westfälische Provinzial Versicherung
Executive Information System / Sales Informationssystem
CUP - Clean Up Policy

• residual waste insurance
• covers losses that may occur during the rehabilitation of building sites
• enables the owner of (possibly contaminated) sites to limit his financial risks
• balance sheet protection of our clients
• contaminated sites can be returned into the business cycle
• meets the demand which is expected from the coming into force of the new German soil protection act
Who needs CUP?

- industrial companies
- banks and investment trusts (mergers & acquisitions)
- property surveyors
- lawyers, liquidator, receiver
CUP underwriting proceedings

- Gerling experts in environmental protection estimate the probability of loss, e.g.:

  „The probability that the cost of brownfield restoration exceed DM 1 million, is greater than 70%.“

- Calculation of the premium
- Negotiation with the (potential) client
- Concluding the contract
Calculating the premium

- Fitting a distribution to the cost estimates
- Performing some transformations to incorporate possible fluctuations correctly
- Integration yields the premium
Calculation tool

- First version: Stand-alone-program using Delphi
- NOW: Implementation in the Gerling Intranet using SAS/IntrNet™
Why reimplementation?

• Distribution and maintainance of the software became a major problem
• It was not sure that everyone uses exactly the same version
• Control of underwriting was impossible
• Data flow from the underwriter to actuaries was very slow
• Time lag before necessary adjustments could be implemented
Advantages of the Gerling Intranet

• All underwriters have access to the Gerling Intranet
• Everyone knows how to use a webpage
• Central data storage
• Only one central version of the calculation tool
Advantages of SAS/IntrNet™

- Gerling actuaries are familiar with SAS software
- SAS software offers the necessary computation power
- SAS software provides data storage facility and analytical power
- SAS/IntrNet™ and Know-How were available
The Implementation

- **Day 1**
  - HTML-Pages
  - Calculation Tool

- **Day 2**
  - Database
  - Integration

**Know-How-Transfer**
The architecture

Request → Result

Personal computer or notebook with web browser

Gerling Intranet server with password protected HTML pages for user authentication

SAS Application server with calculation tool and database
Changes and Enhancements

- The application is alive
- New demands came up
- Implementation by Gerling actuaries
- Expected benefits have occurred
CUP2Intranet - How to launch a new insurance product into the market with SAS/IntrNet™
Conclusion

• Security: access control via password
• Security: calculation principles are not accessible to competitors
• Easy distribution and maintenance of the software by Gerling actuaries
• Intuitive user interface
• Web based: All the user needs is a web browser
• Everyone is using exactly the same version
• Control of underwriting is possible
Questions