

Identifying and overcoming risk for (Re)Insurers operating in a global market



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All Global Business Once Started Locally



Leaving home turf gets challenging



All Global Business Once Started Locally

- The genuine opportunities are...
 - Diversification and capital efficiencies
 - Economies of scale
 - Expanding the universe for targeted business

- ... facing various challenges
 - Organizational complexity with regard to decision making, reporting and compliance
 - Cultural differences and time zones
 - Adverse selection may occur based on immature experience
 - Decision making in new territories will take longer and likely conflict with clients' expectations in quickly moving, competitive markets

Do's and Don'ts When Going Global

➤ Do not...

- Hope that new markets are waiting for you
- Simply replicate your home market in another environment
- Believe you can run your full scale of products from day one

➤ But do...

- Focus on your product/ underwriting strengths
- Build a target client and product strategy
- Hire people with specific market insight and cultural fit
- Actively manage clients' expectation and execute building franchise and reputation from day one
- Not compromise on agreed quality standards
- Build teams mixing existing staff with new hires to migrate company values, standards and risk understanding into new markets

Business Mapping and Risk Identification

➤ Market analysis

- Understand trading culture
- Identify business universe
- Define market potential
- Determine legal framework

➤ Client analysis

- Financial counterparty check: performance and capitalization
- Underwriting due diligence
 - Underwriting and claims procedures
 - Identification of client specific strengths and weaknesses

➤ Deal analysis

- Coverage, wording, data quality, performance, outlook
- Get clients engaged in a mutual risk dialogue

Risk Mitigation

➤ Organization

- Create a culture which allows for open dialogue and encourages employees to raise concerns; encourage out-of-the-box thinking
- Build a matrix organization which combines product knowledge with regional knowledge
- Define risk tolerance for the new endeavors
- Develop clear guidelines and referral routines
- Adopt multiple eyes underwriting approach

➤ Underwriting tools

- Real-time reporting
- State-of-the-art pricing and modeling capabilities
- Marginal benefit perspective
- Risk based capital allocation
- Benchmarking against target portfolio
- Data warehousing of business flow allowing for market assessments after renewals

If you go global...

Do what you understand

Don't lower your standards

Respect magnified complexity

Thank you for your attention.