

Information Builders enables agile information solutions with business intelligence (BI) and integration technologies. Flexible, scalable, and secure, WebFOCUS – the most widely utilized BI platform – permeates every level of the extended enterprise through a simple and intuitive user experience.

Folksamerica Reinsurance Company

Snapshot

Organization

Folksamerica Reinsurance Company is a lead multi-line broker market reinsurer.

The Challenge

Create an enterprise data warehouse and associated reports for loss reserving and other critical business processes; simplify arduous Excel-based data management and reporting processes.

The Strategy

Acquire a pre-built property and casualty data warehouse as part of IRF, interface it with the Milliman Reserve Pro package to create an end-to-end loss reserving system, and integrate the solution with other management applications.

The Results

A custom data warehouse delivered in just five months, a new reserving process for actuaries, custom reports for managing profitability and streamlining decision-making, and new types of KPIs and Sarbanes-Oxley controls that give executives more confidence in the numbers.

Information Builders Solution

Insurance Reporting Foundation, Professional Services.



FOLKSAMERICA REINSURANCE COMPANY

Folksamerica manages profitability with a new enterprise data warehouse and loss reserving system based on Information Builders' Insurance Reporting Foundation (IRF).

Folksamerica Delivers a Single View of the Business

With corporate offices directly across the street from the World Trade Center in New York, Folksamerica Reinsurance was about as close to Ground Zero as a business could be without getting obliterated on September 11. Its building at One Liberty Plaza was spared by a narrow margin, then shut down for four months following the collapse of the adjacent towers. The event was a wake-up call for many parts of the reinsurance company – especially in the IT department, where rigorous data management and business continuity now govern every aspect of the enterprise.

"Today we realize that business continuity extends far beyond merely backing up data," explains Phillip Marzullo, CIO at Folksamerica. "It is all about how you keep your business going under any circumstances. This includes creating sustainable applications, replicating complex business processes, and even having a strategy for duplicating intellectual capital, so you can maintain each critical aspect of the business in an emergency."

“We especially liked Information Builders’ IRF data model, since it allowed us to build a data warehouse a lot faster than if we had built it from scratch. In my experience, data warehouses typically take 12 to 18 months to complete. By starting with the IRF, we did it in five months, thanks to the domain experience that Information Builders brought to the table.”

Folksamerica has always kept backup tapes off-site, so the company didn’t lose any important business information during the September 11 attacks. However, like many companies pondering the implications of that fateful day, Marzullo and other corporate officers knew they needed to take additional steps to reduce their exposure to loss. As one of the world’s most successful reinsurance companies, with \$2 billion in annual revenue and operations throughout the western hemisphere, it is a concept that Folksamerica understands well.

“Like many businesses in New York and elsewhere, the 9/11 tragedy was the start of a new mindset for how we plan and implement technology,” Marzullo explains. “In addition to our core information systems, we must also define business rules to automate fundamental business processes and workflow procedures. Business intelligence technology figures prominently in these scenarios, as we identify measurements and key performance indicators (KPIs) that are critical to running the business.”

Marzullo and his colleagues went on to devise many new IT systems and procedures, including a data warehouse and business intelligence strategy based on the Insurance Reporting Foundation (IRF) from Information Builders. Other IT enhancements were taken up in tandem, driven by a CEO with an actuarial background who has a vision for improving the profitability of the company. One of his primary objectives was to improve the granularity of the loss reserving process. He considers this initiative the most important IT project of the year and has urged everybody in the company to get behind it.

Building a New Data Management Foundation

Folksamerica now has a complete standby environment at a disaster recovery site in Colorado. All important business data is routinely copied there throughout the day, including the new data warehouse, which automates key parts of the loss reserving process. “We can failover to the Colorado site within four hours, and resume operations as normal,” says Marzullo. “Being able to move people and information to other places is a key part of our business-continuity strategy.”

As part of its technology overhaul, Folksamerica also implemented a document imaging system, introduced workflow-management procedures to streamline underwriting and claims, developed a marginal impact analysis tool to assist with underwriting, and deployed a new contact-management system for salespeople operating in the field.

Many of these new business systems have uncovered a pressing need for business intelligence and reporting, further reinforcing the prominence of the IRF.

The IRF is built on an open architecture, which makes it easy to implement within an enterprise framework. It includes a complete data model and parameterized reporting framework that functions right out of the box, enabling executives, analysts, operational staff, customers, and agents to quickly answer business questions about policies, premiums, claims, underwriting, triangulation, and KPIs on their own. Users can obtain this information via a Web browser, as part of an Excel spreadsheet or in a PDF file. In each case they can drill down to the underlying data as desired – without the need to install any client software.

“Information Builders understood our business, they had strong industry references, and they convinced us that they would do whatever it took to make the project successful.”

Architectural Expertise From Information Builders

Decision-makers at Folksamerica determined that Information Builders could deliver the best data warehouse and the best insurance reporting solution in the shortest timeframe. Three primary goals motivated the effort:

- The decision to build a data warehouse as the foundation of all data-management activities, to serve as a single source of accurate data that could be replicated to a disaster recovery site
- The need for a consistent set of business rules that could be used each time Folksamerica went through the reserving process
- A desire to move away from disconnected Excel spreadsheets, and toward standard data management procedures

“We especially liked Information Builders’ IRF data model, since it allowed us to build a data warehouse a lot faster than if we had built it from scratch,” says Marzullo. “In my experience, data warehouses typically take 12 to 18 months to complete. By starting with the IRF, we did it in five months, thanks to the domain experience that Information Builders brought to the table.”

Folksamerica acquired the Insurance Reporting Foundation in June 2005, along with the open platform components. They also retained insurance consultants from Information Builders’ Consulting to conduct a complete business-process analysis of the reserving area, which included developing specifications for the data warehouse and for a new loss reserving system.

Before selecting Information Builders, Folksamerica asked several other BI vendors, including Cognos, Business Objects and Microsoft, to bid on the project. “We gave each vendor some of our data and asked them to produce certain results,” recalls Marzullo. “Only Information Builders delivered. Within eight days, they came back to us with several reports, including sophisticated triangulation reports that our actuaries use during the reserving process. Information Builders understood our business, they had strong industry references, and they convinced us that they would do whatever it took to make the project successful.”

Creating a Modern Reporting Framework

Folksamerica completed the data warehouse at the end of 2005. They extended the IRF’s integration platform to simplify the migration of legacy data from a D3 database on an RSV system. New data, which has been thoroughly cleansed, is now stored in Microsoft SQL Server databases.

Folksamerica also retained Information Builders’ Consulting to build a front-end for the Milliman Reserve Pro package, which interfaces with the data warehouse to create a complete end-to-end loss reserving system.

“We were impressed with Information Builders’ business-process analysis capabilities and project management skills,” says Marzullo. “Both were evident during the proof of concept, and came to fruition during the development cycle.”

Information Builders created the necessary procedures to extract data from the data warehouse, condense several thousand treaties into about 100 reserving cells, create all the associated

Find Out More

To find out how our solutions can help your company succeed, talk to an Information Builders representative today. Contact your local Information Builders office, visit us at **informationbuilders.com**, or in the U.S. and Canada, call **(800) 969-4636**.

transactions, and put the data back in the warehouse – along with predictive loss numbers for each reserving cell. As part of this development effort, Folksamerica instituted rigorous procedures and lock-downs to ensure tight control of the data, dramatically simplifying Sarbanes-Oxley reporting.

“Until recently, our planning, pricing, and management activities were derived from disconnected Excel spreadsheets accessing unrelated data sources,” says Marzullo. “We decided to pull all this information into a single data source and create a more controlled environment to simplify Sarbanes-Oxley compliance.”

“I believe the data warehouse is going to change the way we run the business,” he adds. “Already, it is allowing our actuaries to access data when they need it and monitor key performance indicators. In addition, many standard reports included with the IRF have provided a great starting point for creating custom reports. Best of all, our executives have more confidence in the numbers.”

Optimizing Strategy and Cash Flow

Reserving is the process of setting aside money to cover claims. Insurance companies go to great lengths to determine the precise amount of reserves they will need, since this capital is tied up for an extended period.

Formerly, creating the necessary reserving cells at Folksamerica was a two-week process performed with Excel spreadsheets. Actuaries would request data downloads from the IT department according to various selection criteria, such as geography, time period, or line of business. Then, they would use homegrown spreadsheet algorithms to summarize three or four thousand treaties into about 100 reserving cells.

Today, the IRF data warehouse and platform along with the Milliman package enable actuaries to automate and safely handle many of the necessary data management processes on their own. Folksamerica has about a dozen pricing actuaries and a dozen reserving actuaries who are being trained on the new systems.

Meanwhile, Folksamerica is using the IRF and its data-management platform to create additional reports, dashboards and KPIs to help managers run other parts of the business. “We see BI as an iterative process,” explains Marzullo. “Managers describe the types of indicators they need to measure the business, and developers create the reports they need.”

Many types of employees are learning to drill down into the data warehouse to gather the information they need to make better decisions. “There is no substitute for good data management and for having a single point of truth for management reporting,” Marzullo sums up. “The technology and services we have obtained from Information Builders are playing a key role in helping us transform the business.”