

NAVIGATOR



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ANNOUNCEMENTS

FCC is now the
StoneRiver Summit!

September 21-24, 2009

Portofino Bay Hotel – Orlando, Florida

Visit our [Web Site](#)

RECENT PRESS

- StoneRiver Announces New Corporate Name & Redesigned Web Site
- Reforging IT Contracts: Insurance Network News – March 2009
- Fiserv Insurance Facing Rebranding Opportunities

TRAINING & WEB SEMINARS

Webinars – Reinsurance
Webinars – Financial Products
Training – Financial Products

VISIT US AT THESE CONFERENCES:

Life Insurance Conference
March 30-April 1

AHOU
April 19-22

RIMS
April 19-23

FUNDAMENTAL VALUES

Introducing: StoneRiver

We are pleased to announce that StoneRiver is the new name adopted by Fiserv Insurance Solutions on March 2.

StoneRiver represents an enduring business entity whose knowledge, strength and tenacity are already familiar to the industries we serve. It represents our collective commitment to success through dedicated collaboration—with our clients, our partners, and the people with whom we work. The new name also embodies our passion for continuous improvement, and our ability to adapt to changing environments.

What can you expect from StoneRiver? Continuity, above all. Our new brand represents an extension of the best qualities you've always appreciated in us. During our name search, we learned how much our clients appreciate our fundamental values—our collaborative approach, our reliability, and the warmth of our relationships. We intend to preserve and expand our commitment to client success, so don't anticipate any sudden departures from your past experience.

You can expect us to pursue healthy, responsible growth that provides mutual benefit for our clients and prospective clients. We'll be listening closely to your most critical needs, and applying reliable technology to solutions that remove obstacles from your path to greater efficiency and profitability.

In addition to the software and services that you readily associate with Fiserv Insurance Solutions, StoneRiver also encompasses National Flood Services, Workers Comp Pharmacy Solutions, Emerald, RegEd, and FSC. Hundreds of insurers, thousands of agents and brokers, and tens of thousands of pharmacies rely on StoneRiver software and processing solutions to achieve a competitive edge.

United under the StoneRiver brand, we are prepared to ignite your success with effective business technology.

Why did our name change? The need for a new brand was initiated in July, 2009, when Trident IV, a private equity fund managed by Stone Point Capital, acquired a majority interest in the Fiserv insurance business.

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REINSURANCE AUTOMATION

Chrysler Insurance Reins in Labor-Intensive Admin

Since 1964 the Chrysler Insurance Company has provided property and casualty insurance to auto dealerships. Recognized throughout the industry as the leader in dealership insurance products and services, Chrysler Insurance still faced the same reinsurance issues that many other insurers share. For reinsurance administration of settlements and treaty calculations Chrysler Insurance relied on hard-to-manage spreadsheets that were error prone. Now, though, new automation from the Universal Reinsurance System (URS®) is changing Chrysler Insurance's previously labor-intensive process.

The reinsurance system implementation kicked off with the first phase focused on the premium component. The second phase, the loss component, went into production late in 2008.

"On the premium side when we do account reconciliations, we can easily print a report that's backup for the general ledger," said Matt Trzemzalski, Accounting Supervisor for Chrysler Insurance. "The reports can 'slice and dice' information. If we need a reinsurer balance, we can set it to show that reinsurer. With URS, we save roughly a day per month in the time taken for account reconciliation."

It's too soon for Chrysler Insurance to have statistics on savings from the loss component, but typical savings come from:

- ♦ Automated handling of contracts with Annual Aggregate Deductibles as well as contracts with annual contract loss limits
- ♦ Detection of recoveries on potential catastrophes and other types of occurrences that allow for loss aggregation
- ♦ Detail claim level support of all loss recoveries billed in minutes via DSI (inbound interface and calculation process) reports
- ♦ Review of all contract setups before running live cycles via the use of DSI and Co-Claim modeling (Co-Claim is a component of the URS calculation engine that compiles multiple losses associated with a single occurrence)
- ♦ Automatic URS update of DSI-fed assumed loss recoveries for specific segments of Chrysler Insurance's business

Lessons Learned

To ease the challenges faced in any system implementation, Matt advises keeping on top of things early in the process. While it might be tempting to postpone a task, "Go ahead and do it now," he advises.

Set some relatively firm deadlines and milestones. If something needs to happen by a specific date, don't let it slip two weeks — the slippage affects the next segment of the project and every following segment. "A little extra work up front will be beneficial in the end," Matt notes.

Learning the system is a process. Chrysler Insurance is still learning how to use the loss component most effectively, but the automation is already helping this leading insurer operate more efficiently and accurately. From a cumbersome reinsurance administration process to a streamlined system, Chrysler Insurance is furthering its status as a leading insurer, willing to use technology to stay at the forefront.

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FLOOD INSURANCE

Four Seasons; Multiple Reasons

For the second year in row, Mother Nature is determined to remind us that she is in control. With record seasonal snowfalls occurring throughout most of the northern states, compounded by heavy rainfall, inadequate drainage systems and poorly planned urban developments, flooding events will definitely occur in most regions of the United States. Now is the time to make sure your clients are protected financially from flood damage.

Flood damage is not covered by homeowners and most standard commercial property insurance policies

Flood is not a covered peril in most all personal and commercial property insurance policies and statistics indicate that homeowners are four times more likely to suffer a loss from flood than from fire. In addition, between 70 and 80 percent of all natural disasters in the United States involve flooding. Unfortunately, lack of public understanding and just plain awareness of the flood exposure causes many to go without flood insurance. Less than 1% of the properties in high risk flood zones in Iowa had Flood Insurance at the time of the June 2008 floods!

National Flood Services - StoneRiver can assist insurance agents in securing flood insurance for their clients

National Flood Services is an insurance management organization serving the insurance industry to support the National Flood Insurance Program (NFIP). NFS has been a provider of flood insurance services to the Property and Casualty insurance industry for over two decades supporting our Client Companies in such a manner that they consistently outperform the industry growth averages. NFS currently serves nearly 85% of all WYO (Write-Your-Own) companies participating in the NFIP Program. On behalf of our client companies, NFS manages over 500,000 flood processing website users who, on an annual basis, generate over 1.25 million flood policies and approximately \$1 billion flood insurance premium dollars. NFS manages policies issued in all 50 states and every United States Territory.

Excess flood

National Flood Services also administers excess flood insurance, which provides coverage limits over and above the NFIP's \$250,000 for residential and \$500,000 for commercial properties. If your policyholder's property is valued at more than the NFIP coverage limits, you should discuss this option with the policyholder.

Agents should be proactive in discussing flood insurance needs with their clients

- ♦ Talk to your policyholders about their individual flood insurance needs. Since Flood insurance must be purchased before flooding occurs, and flood insurance has a 30-day waiting period from the date of the application (unless purchased in conjunction with a loan closing), there is no better time than now for the conversation.
- ♦ Remind your clients that their homeowners, commercial and farm/ranch policies do not cover flood damage. Let them know you can provide them with the policies they need to insured against flood damage.
- ♦ Encourage them to act now to remove valuables from basement floor locations. High shelves are a better alternative.
- ♦ Suggest they move fragile or electrical items from the basement to a higher level.

No one can control Mother Nature, but we can help people to get the coverage they need to protect their largest investments. NFS along with their client companies welcome the opportunity to assist you and your insureds with the purchase of Flood insurance.

Flood insurance resources

To learn more about flood insurance, visit the FloodSmart website for helpful resources, tools and flood facts.

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THOUGHT LEADERSHIP

P&C Profitability Still Under Pressure in Spite of Hardening Market

By Rodney Griffin CPCU, CI, ACII, ASAI – SVP, product management, StoneRiver

Conventional wisdom would suggest that the hardening of P&C rates we have started to see would immediately begin to improve combined ratios and carriers' bottom lines. Unfortunately that instant gratification has not materialized. We are not living in normal times — we face a recession that continues to deepen and a financial market burdened with toxic assets.

Reinsurers are becoming more risk averse and their capacity is shrinking as the value of their collateral drops. With available exposures to insure on a steep decline, the top line of most P&C carriers is beginning to shrink. Investment returns show little promise of improving in the short term. Brian Duperreault, president and chief executive officer of Marsh & McLennan Companies (MMC), notes, "We are in the beginning stages of a hardening market, but countervailing economic forces are turning this into our first 'invisible' hard market."

Carriers have to continue to focus on expense management while ensuring that their underwriting units price risks profitably and competitively. In 2008 StoneRiver concentrated on adding new functionality in these critical areas through its Ignition Strategic Investment initiative.

Improvements in the Claims area reduce both allocated and unallocated adjustment expenses. The changes improve first notice of occurrence processing, automatic multiple adjuster assignments, claims management information and workflow. In addition, a new ROI tool helps carriers quantify process improvement gains to support new implementations of StoneRiver's Claims solutions.

In conjunction with Valen Technologies, StoneRiver has developed a robust real-time predictive analytics capability. With this capability, an underwriter can precisely price micro-segmented individual policies. With the power of massively parallel virtual super computing, data enrichment and statistical learning theory, insurers can build, monitor and periodically refresh highly multi-variate predictive models. Underwriters then use these models to fine-tune their pricing decisions. The bottom line impact of these new capabilities can significantly transform a carrier's financial results.

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