▶ CASE STUDY |

Unius Reinsurance System

Reinsurance solution in Allianz Țiriac Asigurari S.A., Romania

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▶ SITUATION | 1

Like any other insurance company, Allianz Ţiriac Asigurari S.A. faced growing challenges resulting from the nature of the insurance business. Some were associated with the need to improve information flow within the company, the others with the necessity to improve business performance and to reduce costs.

The increasing complexity of the insurance business, operational costs, technical inadequacy, lack of business flexibility, and rising competition are some of the reasons which necessitated the deployment of a new information system.

Before the introduction of the new information system, Allianz Ţiriac also needed to meet the new compliance standards of the national regulator, which significantly tightened the risk management requirements for Romanian insurance companies in order to ensure the safety and stability of the insurance market. Therefore Allianz Ţiriac Asigurari S.A. decided to implement the UNIUS Reinsurance system.

Since October 2011, UNIUS Reinsurance Information System has been managing all activities of Allianz Ţiriac, related to reinsurance processes. Allianz chose the Gratex International's system as a certified and reliable system, which has been successfully functional in Allianz Slovenská poisťovňa for several years. At the same time, the implementation of the system is a pilot international reinsurance project in Allianz Group and will be followed by the implementation of the system in other countries.

By implementation of UNIUS Reinsurance system, Allianz Ţiriac fulfills the last prescribed requirements of the national regulator – for instance the obligation to provide much more detailed reports than in the past. By implementation of the information system, the reinsurance of Allianz Ţiriac has become completely compliant with the internal standards of Allianz Group, related to client-oriented approach (TOM - Target Operating Model), which significantly accelerates all reinsurance processes. At the same time, Allianz Ţiriac and its new system meets the criteria demanded by the European regulatory directive Solvency II.

Due to processing of data at the lowest possible level, the new reinsurance system also enables Allianz Ţiriac to generate any analytical output, which is reflected in a significant increase in quality of risk management and capital suitability of the insurance company, thereby raising the reinsurance efficiency and the insurance company's cost optimization.

▶ BUSINESS GOALS | 2

From the view of an insurance company, the implementation of the UNIUS Reinsurance system is motivated by transparent and quantifiable goals:

• Improvement and optimization of the data flow within the company toward better flexibility, efficiency and security,
• Optimization of the reinsurance processes accomplishing substantial time reduction,

- Integration of the field-proven solution by increasing the effectiveness of planning, executing and evaluating all reinsurance activities,
- Decreasing the error rate in this process (quality improvement and transparency of data calculation),
- Elimination of the manual interventions,
- Reducing the costs related to reinsurance business.

Gratex International designed and developed the custom information system for Reinsurance on the basis of years of experience with automation of reinsurance processes for insurance companies. UNIUS Reinsurance system was originally developed for Allianz Group and can be customized to fit the needs of any insurance company within Allianz Group.

▶ SOLUTION | 3

Gratex International, a.s., as a supplier, made an in-depth analysis of the current situation within the company. The analysis covered all the areas of reinsurance administrative functions as well as reinsurance management processes.

Based on this analysis and further consultation with the customer, Gratex International prepared a proposal for the solution, which was accepted and implemented in an ongoing capacity.

The Reinsurance solution (UNIUS REIN), which has been deployed in Allianz Țiriac Asigurari S.A, covers the main fields of the reinsurance business in the company.

- Unius REIN provides all reinsurance administrative functions.
- Unius REIN supports all types of reinsurance.
- Unius REIN automates all processes related to reinsurance activities.
- Unius REIN contains several modules such as REIN Core Module, Receivables & Payables Module, Subledger Accounting Module, Collection and Disbursement Module, Local C Management & Bank Integration Module etc.
- Unius REIN supports multicurrency.
- Unius REIN is based on the ORACLE platform.
- Unius REIN is suitable for TOM Allianz and Solvency II.

The project started from the functional and technical specification and continued through the implementation, functional and migration tests, to the pilot operation and finished with the successful launching of the UNIUS Reinsurance system in Allianz Tiriac Asigurari S.A., Romania.

Since October 2011, UNIUS Reinsurance system has been managing all activities of Allianz Țiriac related to reinsurance processes.

▶ SYSTEM DESCRIPTION | 4

The reinsurance solution automates administrative functions of all types of reinsurance. The system is based on a technological platform created by Oracle in multi-layer architecture with a user interface in the web browser. The system meets the latest process and reporting criteria of Solvency II regulations.

- The system is developed using, Oracle 10g Enterprise Edition
- Oracle Application Server 10g R2, Oracle Forms 10g

▶ Supported types of reinsurance
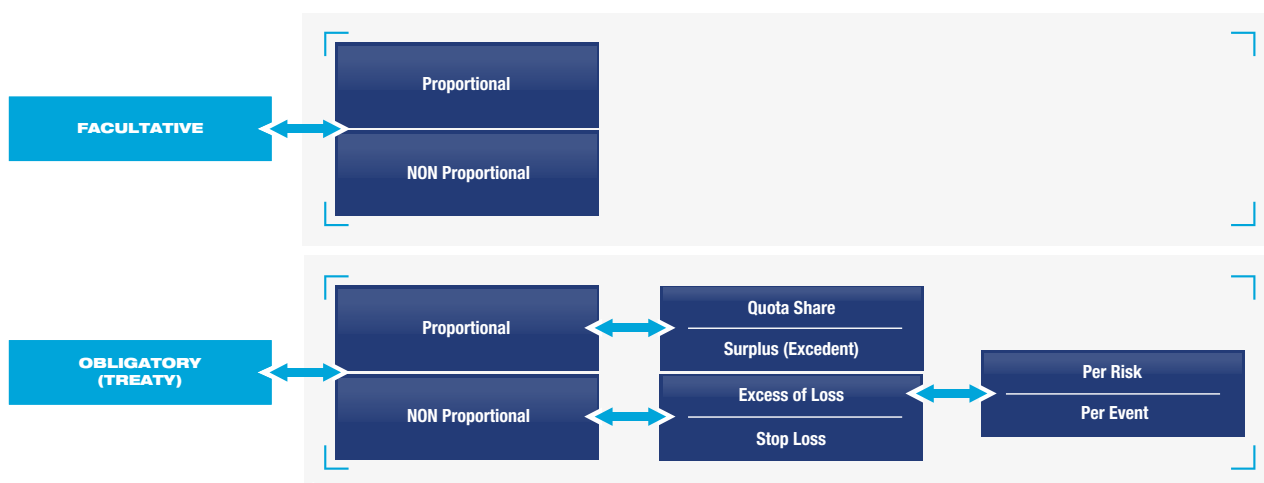
▶ Supported types of reinsurance

UNIUS Reinsurance covers all fields of the reinsurance business in the company:

Policies, Premium & Claims Input from the Primary system of insurer, Processing, Booking, Manual Corrections, generation of Accounting batch and various types of Reports (SoA, ADT, Risk & Loss Profiles, CAT Aggregates etc.)
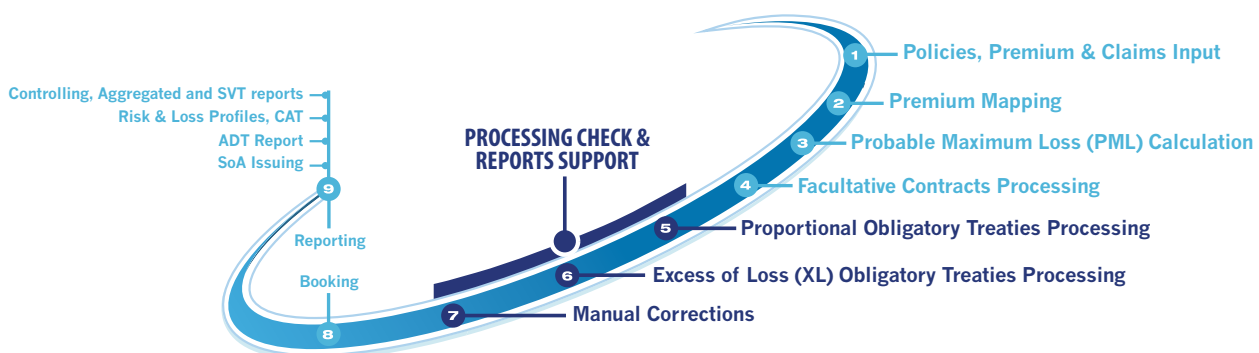
◩ Modules of system

UNIUS Reinsurance consists of several modules implemented in the system: Sub Ledger Accounting Module, Receivables & Payables Module, Collection & Disbursement Module. In case of customer´s demand this modular architecture allows replacement of any internal modules by integration with the external system, for example to Local Cash Management.

Our system produces accounting batches in structure required by a central accounting system, based on software modules technology by SAP. System is designed to be able to process data from the Primary System and then to export data to the required Accounting System.

◫   Functions of the system

UNIUS Reinsurance provides all reinsurance administrative functions.

Contract definition

- Facultative: proportional and non-proportional
- Obligatory: proportional (Quota Share, Surplus) and non-proportional (Excess of Loss, CAT Excess of Loss).

Risk and Retention Accumulation

- The risks distributed in the portfolio in several insurance contracts can by their nature represent one risk. In these cases the system allows accumulation and ceding it as one risk.
- The accumulation of own retentions allows the insurance company to use catastrophic reinsurance effectively.

Ceding Process

- Our system is able to process an unlimited amount of reinsurance contracts. The contracts are organized horizontally (different reinsurance risk), as well as vertically (identical risk ceded to more layers (QS, SP, WXL etc.). The premium (written or collected) is ceded first, followed by the Commission, Overrider, Legal Fees calculation. In the second phase the system starts to process losses (paid losses, loss reserve RBNS, subrogation written and collected, etc.).

Accounting

- After the approval of processed data, our system allows monitoring receivables and payables from reinsurance, and also allows sending automatic accounting batch into the accounting system.

Risk and Loss profiles and CAT aggregates

- To monitor the distribution of risk according to the amount of sum insured the system supports Risk profiles. To monitor the distribution of volume and extent of losses the system supports Loss profiles. CAT aggregates allows monitoring of the distribution of risks for defined groups (NAT CAT etc.) according to defined regions.

Huge reporting system from details up to aggregated

- It´s a sophisticated tool, which allows an insurance company to simply and effectively register, check and predict the future opportunities and risks.

System supports all types of reinsurance:

- Facultative and Obligatory Treaties
- Proportional and Non-proportional Treaties
- Fronting

The system also allows using further functions of reinsurance.

Reinsurers and brokers panels

- Our system allows an adjustment of two-layer panel of reinsurers and brokers with its shares on each reinsurance contract.

Multicurrency

- Each financial entry contains value, currency, exchange rate and related date. Our system supports automatic import of the exchange rates, the recalculation in contracts processing (XL claims) and the revaluation in Receivables and Payables Module.
- Our system allows processing of reinsurance in different currencies (when the currency of the insurance contract, the currency of reinsurance contract and the accounting currency are different.

Accounting in written and collected premium

- Our system allows processing of written and collected premium according to the setting of the reinsurance contract.

With regards to the **Facultative Treaties**, our system covers the Proportional Treaties, Non-Proportional Treaties, Frontings, ICB (International corporate business) and GLB (Global business), where their calculations may be based on Input Figures or Figures defined by the user.

For the **Proportional Obligatory Treaties**, our system treats Quota Shares, as well as Surplus. These treaties may be based on Earned Premium or Collected Premium.

Our reinsurance system supports the calculation of Commissions and Fees, e.g. Legal Costs, Sliding Scale Commissions, Profit Commissions, Administration Fees, „Loss Corridor", Deferred Acquisition Costs, and technical results.

For the Non-Proportional Obligatory Treaties, our system treats the Working Excess Loss (WXL) and Catastrophic Excess Loss (CatXL) treaties based on the Written Premium as well as on the Earned Premium.

The Loss processing in our system is based on the Risk-attaching Basis (UWY) or the Loss-occurring Basis (OCY).

Our system also supports the calculation of the MDP (Minimal and Deposit Premium) and its adjustment in the future based on the real written or earned ceded premium and the real allocation and reallocation according to the product groups (portfolio).

▶ Reporting

The system supports quick and efficient reporting, which is an excellent tool for monitoring, analyzing and forecasting future opportunities and risks. The system is able to generate automatic reports for SAP system, automatic reports within corporate structure (e.g. for parent company) and standardized reports for reinsurers or reinsurance brokers. Moreover, it generates the reports on the Statement of account (SoA Reporting) according to various attributes (contract, period, reinsurer, products etc.). It also supports the Risk and Loss Profiles and statements on the sets of Cat Aggregates by region, product or duration.
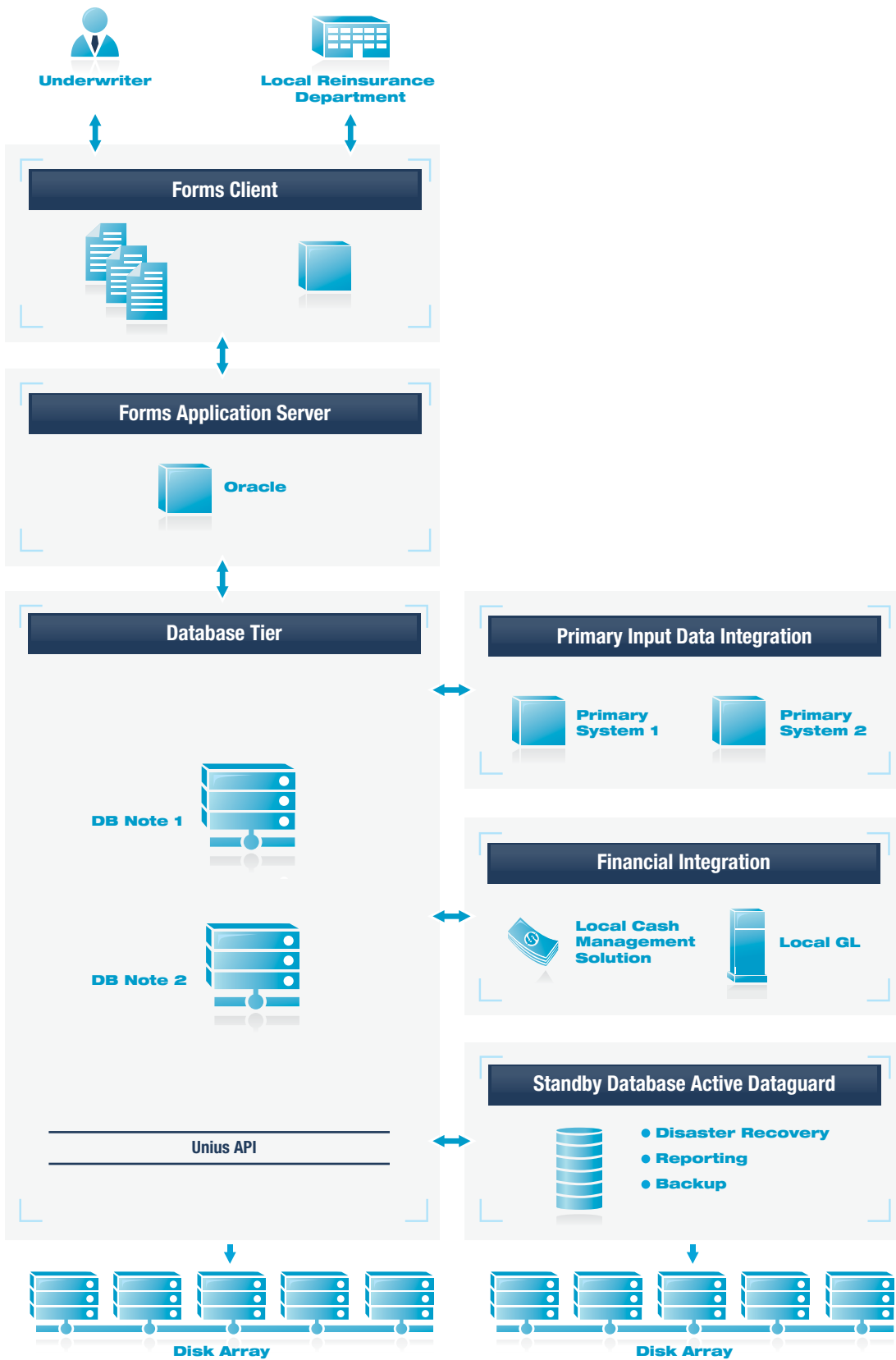
In addition to inbuilt reports, the system supports creation of ad-hoc reports and it allows the users to create and save customized (own) templates for reports.

Unius Reinsurance

- Standardized Reports for Reinsurance
- Automatic Reports for Accounting System
- Reports for Purposes of Corporate Structures
- Standardized Reports for Reinsurance Brokers
- Reports for Accounting
- State of Account Reports
- Cat Aggregates - Exposure by Region
- Risk & Loss Profiles

Underwriter

Local Reinsurance Department

Forms Client

Forms Application Server

Oracle

Database Tier

Primary Input Data Integration

Primary System 1

Primary System 2

DB Note 1

Financial Integration

Local Cash Management Solution

Local GL

DB Note 2

Standby Database Active Dataguard

● **Disaster Recovery**
● **Reporting**
● **Backup**

Unius API

Disk Array

Disk Array

▶ BENEFITS OF THE SYSTEM | 6

Deployment of the UNIUS Reinsurance will bring many benefits to the customer. The most substantial ones include:

- Better business performance,
- Improvement and optimization of the data flow within the company,
- Lower costs related to the insurance business,
- Lower error rate in this process.

Moreover, it has been proven that UNIUS Reinsurance services with their integration capabilities provide a great opportunity to expand existing modules depending on customer requirements. Gratex International as a supplier also provides the adjusted terms of service during the life-cycle of the system based on SLA (Service Level Agreement) on a 24/7 basis.

▶ ABOUT ALLIANZ ȚIRIAC ASIGURARI | 7

Allianz-Țiriac Asigurari one of the leaders in the Romanian market with long-term experiences in insurance businness. In 2000 Allianz took over local company 'Ion Țiriac Insurance' and since that the company is renowned not only as a market shaper, but offer the highest quality of services and products. Allianz-Țiriac is one of the foremost P/C insurers and in the top five of life insurers. By offering to its customers a large range of life products, it is the aim of Allianz-Țiriac to further strengthen its position in the life segment. Allianz Țiriac Asigurari is focused to offer a complete range of high quality products to the private and corporate customers.

Gratex International is one of the leaders in developing enterprise software solutions based on high-tech technologies. Our dedicated and highly skilled teams build sophisticated custom solutions that add value, streamline business operations, and increase bottom-line profitability, for our customers and their organisations.

Our solutions are tailored to the needs and requirements of particular market sectors and are highly customisable to meet the needs of individual clients. This enables our customers to get the most out of their investment with Gratex. Primarily focused on the insurance industry, we also provide solutions for the financial, banking and telecommunication industries.

The quality of our solutions stems not only from our methodologies and technical expertise, but also from our analytical knowledge and extensive research into our clients' industries and marketplaces. In addition to our sophisticated portfolio of software solutions, we offer a range of professional and consulting services to ensure the successful implementation, deployment, operation and administration of our technology within our client's business environment.

Gratex's team is comprised of more than 400 highly qualified staff, two thirds of whom participate directly in research and development. That represents a significant investment in the future roadmap of our solutions and the business value they give to our customers. To support the work of our development efforts, we employ a range of certified specialists in the areas of development, project management, business process management and security.

Gratex International is based in Central Europe (Bratislava, Slovakia), with local offices in Sydney, Australia and a registered branch office in Seoul, South Korea.

Gratex International's total revenue for the year 2011 is 35 million EUR.

Gratex International is certified for ISO 9001:2008, ISO 27001:2005, ISO 14001:2004 and OHSAS 18001:2007, all implemented into an Integrated Management System.