Case Study – Growth: Using reinsurance to enable 10x growth within an insurer's appetite while ceding catastrophe risk of a new geography

The Question

"Would increasing our ability to entertain coastal, CAT-exposed property on a selective basis help us write more of the non-CAT business we actually want?"

The Approach and Solution

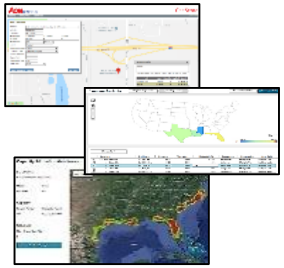
- Established a catastrophe quota share reinsurance program with up to $10m in limit to attract non-cat business
- Performed the pro forma financial and catastrophe analysis
- Identified potential reinsurance partners
- Used Cat Score® for individual risk pricing

The Outcome

- Placed of 75% of quota share up to $10m limit
- Enabled a "leveraged impact" of 10:1 growth (i.e. premium dollars of non-catastrophe business for every dollar of coastal business)
- Far exceeded initial estimates of 6:1, equating to more than $50m in non-catastrophe-exposed new business
- Recently renewed program on a two-year basis with additional reinsurers

Relevant Aon Tool:

AON Cat Score®



- Desktop/API point-of sale tool allowing underwriters to quantify client-specific total CAT costs for individual prospective risks for given reinsurance program
- Used by insurers to ensure adequate pricing while strategically growing into new geographic regions
- Tool identifies inadequately priced risks during quote process and provides key cost components for price adequacy evaluation

AON Empower Results®