TigerEye: build vs. buy

Managing and deploying capital more effectively than the rest of the market is a key characteristic of successful (re)insurance companies. To accomplish this goal, carriers need highly specialised analytical tools.

With the need for advanced tools a given, companies are faced with the question of whether to develop the technology themselves, or whether to buy what is commercially available. Naturally, there are pros and cons for each option. The high cost, uncertainty and complexity of building such tools internally can be offset by resultant benefits such as unique market insights, speed to market and greater control.

But being at the "bleeding edge" of technology suits only a few. Most insurers prefer to license proven technologies, which carry lower risk and lower maintenance overheads, freeing them up to focus on their core competencies of underwriting, client acquisition and claims management.

Over the past decade, for example, catastrophe models developed by the main vendors have generally been superior to anything a (re)insurance company could build on its own. Indeed, these readymade models have become the industry standard for assessing catastrophic exposure to wind, earthquake and flood for individual locations and/or portfolios.

But even the most sophisticated of these commercially available catastrophe models have significant limitations when it comes to using their output for tasks like combining portfolios across multiple cedants, modelling complex treaties and creating a robust single system of record. The inability to analyse treaties with complex structures such as per-risk excess, top-and-drop or cascading also limits the utility of catastrophe models for many of the more innovative reinsurance solutions developed by leading-edge brokers like TigerRisk.

Similarly, global insurers, often with complex portfolios, are increasingly looking for tools to more dynamically manage their own capital. They expect to be able to collaborate closely with their broker in structuring their outward reinsurance programmes as well as optimising their own portfolios. As a consequence, most (re)insurers have had little choice but to build their own internal tools to analyse the output of commercial catastrophe models in order to manage their capital, or have relied on third party services.

The decision to build has historically been driven by necessity, not choice. Moreover, as regulators and rating agencies have become much more demanding about how capital should be managed, the costs of building and maintaining in-house systems are increasing.

But now there is another option.

Recently, highly respected companies – including some of those known for building their own in-house tools – have turned to a roll-up platform developed by TigerRisk.

TigerEye is an easy-to-use analytical tool which enables users – both insurers and reinsurers – to take full advantage of catastrophe modelling output to make business decisions within minutes (in some cases seconds) of loading data. TigerEye was first built as an in-house product to enable TigerRisk's brokers to model the treaties they were creating for our clients. Once the clients saw what the tool could do, they wanted it for themselves.

Being model agnostic, TigerEye can import data like event loss tables, year loss tables, actuarial distributions and then analyse reinsurance programmes to view the marginal impact on in-force portfolios. Aggregate limits/deductibles, cascading layers, inuring relationships and second/third-event covers are all easily structured and analysed for pricing, or for portfolio management and optimisation. And TigerEye is fast; it can roll up 1,000 treaties in less than an hour.

Not surprisingly, TigerEye has quickly become the market leader. It has been adopted by two of the world's largest insurers. Many reinsurers, which value analytically driven decision making at the point of underwriting, rate TigerEye highly, with more than 10 percent of Lloyd's property treaty stamp capacity now being deployed by syndicates using the platform.

Those companies that had already developed their own portfolio roll-up systems are re-evaluating whether there are better options. Many are seriously considering retiring their in-house systems. A sophisticated, yet easy to-use hosted solution with virtually no maintenance requirements, TigerEye offers a compelling alternative.

Vladimir Kostadinov is an associate at TigerRisk and is responsible for TigerEye and the broker's broader suite of client development and support

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TigerRisk Capital Markets & Advisory establishes London presence

TigerRisk has hired Willis Capital Markets & Advisory's Leo Beckham to establish a London presence for its analytics business.

From 2 November, Beckham will become managing director of the new TigerRisk Capital Markets & Advisory team in London. He will report to Tony Ursano, president of TigerRisk and CEO of TigerRisk Capital Markets & Advisory.

In his new role, Beckham will be responsible for helping to build TigerRisk's capital markets and advisory business in the UK and Europe.

"Leo's investment banking, insurance, reinsurance and corporate development experience is perfectly suited to help us as we continue to build the industry's leading strategic, capital and reinsurance adviser," said Ursano.

"Leo's extensive involvement in the Lloyd's, UK and European markets will be invaluable as we continue to build out our global presence."

While at Willis Capital Markets & Advisory, Beckham was involved in a number of high-profile insurance industry transactions.

He began his career as a chartered accountant specialising in insurance at Deloitte. He transitioned into investment banking at Benfield Advisory and later at Keefe, Bruyette & Woods.