

Farmers Mutual Hail keeps its insurance business ahead of the game with CSC support

SICS AT A GLANCE

SICS is software designed for all types of insurer and reinsurer – large corporates, small start-ups and niche players. SICS delivers cost-effective administration to CSC customers all over the world. It provides flexibility in regulation compliance, dramatically improves risk management and analysis, and offers unrivalled customisation opportunities.

Leading US crop hail insurer, Farmers Mutual Hail, says CSC’s support has had a ‘major impact’ on their assumed and ceded reinsurance business. FMH now has a clearer view of its financial exposures emanating from this book of business. They save time and money and deliver better customer service aided by faster and more efficient processing. They collect information needed for accurate, automated internal reporting. They have greater accounting and operational flexibility than ever before.

Farmers Mutual Hail Insurance Company of Iowa (FMH) is America’s largest crop hail insurer, and holds an A (excellent) rating from leading insurance industry analyst A.M. Best. FMH maintains a reinsurance department, accepting risks from both local US and international insurance companies.

FMH’s mission statement pledges to keep the company “on a sound financial basis for the mutual benefit of our policy holders, agents, and employees, guided by the principles of integrity, excellence, and service”. To help achieve and maintain this, the insurer needs firm control and accurate knowledge of its day-to-day business, ensuring efficient operation and productivity.

FMH’s reinsurance administrative system, installed in the 1990s, failed to deliver the quality and accuracy of information it increasingly required. When FMH learned its supplier would no longer support developments to the system, it turned to CSC for help.

“We needed more comprehensive and up-to-date information to better understand what was happening with the business, to identify our exposures, and to report on these effectively,” explains Candy Crooks, Assistant Vice President. “We wanted more flexibility – to make our accounting processes easier, and our representatives and underwriters more productive. We also wanted to better manage our facultative insurance book.”

WORKING WELL TOGETHER

CSC was strongly positioned to provide the answers. It has worked with the industry for more than 25 years, and analysts commend CSC’s leadership position. It serves two thirds of the world’s top 50 insurers, and around half of the world’s reinsurers use CSC reinsurance solutions.

FMH talked to CSC about the issues they faced, and CSC proposed deployment of the SICS solution. SICS is a highly rated administration system for managing complex insurance and reinsurance business of all types – assumed and ceded – in all markets across the world.

Candy Crooks and the management team recognised the strengths of CSC’s recommendation. The solution offered much greater information capacity, and rich reporting potential. It also looked easy to integrate with other installed applications.

The relationship with CSC was also important. FMH wanted a strong partner, with the confidence to back its solution by sharing risk. CSC responded to an aggressive schedule with a detailed implementation plan, with clearly defined deliverables and client responsibilities. This was the start of a very successful relationship.

The CSC solution meant migrating and verifying 12,000 assumed treaty files, 50 ceded treaty files, and information about 3,500 business partners. Standard and customised reports had to be set up to make the information usable, and a thorough training programme for key FMH personnel was established.

Communication and coordination was critical to the implementation project – between in-house management and with the CSC team. With only minor issues to resolve, the migration was successfully completed on time. “We had a tight timeline and we all had to abide by it,” says Candy Crooks. “We stayed pretty much on target. For the most part it went really well. CSC and our people were able to work very well together.”





“BUSINESS INFORMATION AT OUR FINGERTIPS”

FMH found that the CSC solution immediately delivered a much better view of the business, based on improved information capacity and easier access to that information.

“We have more business information at our fingertips all the time,” says Candy Crooks. “That means we can manage our book of business much more efficiently. We can also capture information about potential new business areas to track the underwriting effects. This really assists with planning the business.”

Comprehensive information also improves the quality of financial reporting, according to Nancy Bockelman, Reinsurance Accounting Manager. “We can break down individual accounts to a much greater level of detail now,” she says. “So our reporting is more sophisticated, and based on a real understanding of what’s happening with our customers.”

The CSC solution also delivers the kind of accounting flexibility that FMH needs. “Our accounting procedures in the past were limited by the old system’s capabilities,” Nancy continues. “For some accounting processes we had to lock the system and boot all users off, or accept we had to work at weekends. Now we can run any processes we want at any time. Next month’s business can now be written in parallel with month end closure, so we keep processes moving. This makes our people much more productive, and we can track accounts much better.”

CSC’s solution helps FMH reinsurance representatives and underwriters to be more flexible, efficient, and responsive to customers. The system can be accessed remotely via the Internet, and up-to-date documents downloaded to a laptop within minutes. In the past, with no remote system access, business information had to be carried in hard copy reports

- sometimes for hundreds of miles from the home office across rural America - with no opportunity for updates.

Remote access also means more effective management of business peaks such as annual renewals. Underwriters can now access the system conveniently from home and deal with the workload at their own convenience.

EFFICIENCY AND HIGH QUALITY CUSTOMER SERVICE

FMH has also seen the CSC solution deliver major improvements in claims processing and settlement. “We can track progress much better, and transactions take much less time than ever before,” says Candy Crooks. “That makes us more efficient and ensures our customers get a high quality service.”

Finally, the facultative insurance book is now processed in a single system, providing this small but valuable product area with the same kind of efficiency improvements.

“CSC has had a pretty major impact on our reinsurance business,” Candy Crooks asserts. “We rely very significantly on their technology, and we never have issues with it crashing. I cannot recall a system where we’ve not had that kind of problem. We’ve invested in two upgrades where CSC handled the majority of the migration with very little downtime to us. So yes, we’re very pleased with the service we’ve received.”

The relationship with CSC has flourished over five years. FMH is an active member of a CSC user group, and has never missed a meeting.

“Through the user group we see that CSC has hired good people, who are very interactive with us. The exciting thing is that we know there is much more business improvement we can achieve with CSC’s help.”

THE FARMERS MUTUAL HAIL STORY

- FMH’s mission statement requires firm control and accurate knowledge of its day-to-day business, ensuring efficient operation and responsiveness to stakeholders
- To help achieve and maintain this, FMH needs comprehensive and up-to-date information to manage exposures, and report effectively; and more flexibility to deliver accounting efficiency and staff productivity
- Their reinsurance administrative system was failing to deliver against these requirements
- Their supplier no longer supported the administration system, so FMH turned to CSC for help
- CSC proposed its highly regarded SICS reinsurance solution
- CSC provided a detailed implementation plan with clear responsibilities, against a tight timescale
- The plan was successful, with good communication and teamwork
- The solution immediately improved FMH’s understanding of its current and prospective reinsurance business, helping planning and reporting
- Accounting processes are more efficient, and operational staff are more productive, through the solution’s flexibility and remote access
- Claims are transacted faster, saving money and improving customer service
- The facultative insurance book is processed efficiently in a single system
- CSC’s technology has been very reliable
- The relationship has flourished, with regular attendance at user group meetings
- FMH values CSC’s professional expertise.

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