

Conduit Re develops complex pricing capabilities using Orchestra

The team at Conduit were able to evaluate an opportunity based on a quota share book of business in excess of

\$850m

This was possible due to Orchestra being model vendor agnostic



Orchestra provided Conduit with a powerful and flexible financial engine, allowing the, to push their AALs accurately through franchise corridors for more precise pricing.

About Conduit

Conduit Re is a Bermuda-based pure play reinsurer that seeks to build a high-quality underwriting franchise across a broad spectrum of underwriting classes in property, specialty and casualty.

The Challenge

Throughout its first year of business following their hugely successful IPO, Conduit faced the challenge of accurately and precisely pricing large financial contracts. One such contract was a large quota share with a Gross Written Premium in excess of \$850m.

As a single model vendor client, they received **loss data from multiple vendors** which they were not able to process.

Furthermore, the Conduit team needed to model their quota share accurately by assigning different quota share proportions to different perils and regions. However, their industry-leading model vendor did not offer these capabilities, resulting in unyielding AALs far beyond their client specifications.

The Solution

The team realised they needed a solution that was **vendor and model agnostic** so that they could accurately price against different model losses.

They also needed a platform where they could make **minute adjustments to their financial structure** with the flexibility to accurately model their quota share; they needed a solution that had a practical focus on pricing.

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“

Orchestra’s powerful financial engine allows us to ingest differing and incompatible model outputs, enabling us to not only develop a credible modelled view of risk, but to also utilise this output alongside our conventional portfolio analysis techniques.”

Greg Roberts
Head of Property at Conduit

The Results

Conduit were able to go live with Orchestra in no time at all thanks to our rapid environment production. This meant they could accept the contract for pricing the quota share instead of having to flat out reject the offer due to system inadequacies.

As a vendor and model agnostic platform, the team at Conduit were able to use Orchestra to take in loss data produced by most models and push them through the same financial structure, providing them with different views of risk on the same underlying financial contract and exposure data with the ability to **price all these vendor models side-by-side.**

The team were also able to use Orchestra to **model franchise corridors** to their inurings, split by peril region within their financial structure to accurately represent the underlying contract. Orchestra’s capability of underwriting at the point of sale enabled the team to bring their AALs down to an acceptable level and successfully price their quota share.

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