

# PACE: Portfolio Accumulation for Control & Evaluation

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With record levels of capital in the market, reinsurers are looking for opportunities to write new business while monitoring the aggregate catastrophe exposure across their portfolios. To help reinsurers make best use of their capital and offer more competitive quotes to cedants, Aon has developed PACE – our catastrophe accumulation platform.

## Evaluate the individual programmes against your portfolio

PACE allows reinsurers to determine how much of their capital a programme consumes in relation to the rest of their portfolio and therefore how much of that business they can afford to write. Programme pricing reports provide reinsurers with instant access to profit & loss and marginal impact analysis, allowing them to optimise their business mix and consequently improve their return on equity.

## Portfolio accumulation

PACE enables reinsurers to understand their overall accumulation – highlighting which regions and perils they are most exposed to, while identifying opportunities to enhance their business. PACE enables reinsurers to both consolidate this data into a central location and then perform sophisticated “what-if” analysis. For example: *How would your portfolio be affected if large hurricanes occurred more frequently than your catastrophe model suggests? What if you increased your share of European earthquake business by 10%?*

## Correlation is key

A global reinsurers’ portfolio will typically contain treaties with geographically overlapping exposures. Consequently a single catastrophe event may trigger recoveries from multiple programmes so a reinsurer will need to correlate and then aggregate the modelled losses across their portfolio, regardless of the vendor model. PACE is installed with pre-simulated event sets which are correlated to a reinsurer’s requirements. This ensures a consistent, robust and transparent methodology when evaluating risks.

## Here to empower results:

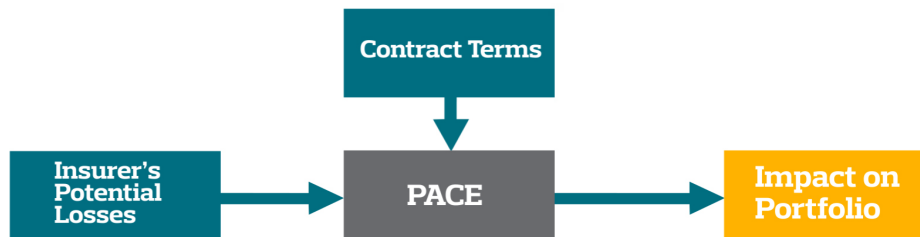
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## Putting PACE into practice

Aon's PACE is an integrated accumulation management system that enables catastrophe reinsurers to offer more competitive quotes to cedants. A non-technical tool, it has been designed to be used by underwriters to enhance their decision-making and financial planning. Users simply upload catastrophe model output – whether from Impact Forecasting, RMS, AIR, EQECAT or a custom model – specify the programme terms and then the ReMetrica models are automatically built and run to deliver immediate results.



The tool performs a full stochastic simulation to assess business from cedants. In addition, accumulation reports quickly show the gross and net probable maximum loss (PML) from a number of different return periods or customised portfolios, immediately allowing each underwriter to see the marginal impact of a particular programme on its portfolio. The platform's transparency means reinsurers can also examine these models to understand how the calculations are performed.



## An enterprise solution

PACE uses the ReMetrica engine to deliver a simple interface for non-technical users with robust workflow controls. Coupled with the event database, this gives reinsurers an open and consistent way of analysing portfolios with user-friendly reports. In addition, as PACE is based on an SQL database, there is a wealth of additional data that can be leveraged to create customised reports.

## Ready to integrate into your business

Installed onto a company's own infrastructure, with an openly accessible database, it is possible to integrate PACE with the firm's existing policy administration system or catastrophe models, as well as downstream reporting tools such as an enterprise risk model. PACE is built to provide multi-user editing functionality and can be used by teams in multiple geographical locations. Further, PACE's report templates, ReMetrica pricing models and capital allocation methodologies can all be customised to suit most types of reinsurance contracts and reporting requirements.