

Heineken captive assured of optimal business operations through the application of data analytics

Executive summary

Insurance companies see digitisation as an opportunity to optimise their services. New technologies provide improved risk management and cost reduction, for example, through the optimisation of operational processes. This also applies to the captive insurer of Heineken. In its drive for innovation, this company was looking for an all-in-one solution.

Noria was asked to help with this, because they not only understand IT but also the insurance market. With the Policy and Reinsurance System, PARIS, Heineken now has a platform that collects data from 70 countries in one place; a single source of truth that is conducive to cooperation and increases data quality. This makes it easier to comply with supervisory and regulatory requirements. With Noria's future-proof data analytics solution, the captive insurer now obtains more value from its data and the way is paved for a more preventive manner of working.



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Insurance companies face the challenge of saving costs and reducing risks while dealing with the increasing pressure of compliance requirements. The solution is digital transformation. This provides opportunities to standardise and automate business processes and adapt the IT infrastructure to accommodate self-service. Heineken's own insurance company is no exception. This captive requested Noria's support with the introduction of a central system for an improved and more efficient use of data: PARIS. The result is a solid foundation for a future in which predictive data analytics helps to prevent claims.

A captive insurance company is a relatively unknown phenomenon. However, the world of multi-nationals has made use of captives for many decades. If an organisation is insured through its own subsidiary insurer, this provides all kinds of

benefits. For instance, a captive may charge a lower premium than a commercial insurer. Premiums stay within the company as well as any profits. Another benefit is that a captive is more familiar with the risks. The company can use its captive to cover itself against risks that an external insurance company may not want to accept or accept only under strict conditions.

The captive insurer of Heineken is called Roeminck Insurance NV and like all captives, it has much in common with a traditional insurer. For example, it is an independent company that collects premiums and, like every other insurance company, it is accountable to regulatory bodies such as De Nederlandse Bank. Just like other insurers, a captive also provides reinsurance. An insurer will take out insurance to cover the risk of many claims for damages that have to be paid out at once.

→ THE CHALLENGE:**MORE EFFICIENT REGISTRATION,
MANAGEMENT AND SETTLEMENT OF CLAIMS**

The Roeminck staff are responsible for ensuring that Heineken is properly insured. This is a tough challenge, because over its 150+ years Heineken has acquired a large asset portfolio including production facilities in more than 70 countries. In England alone, it owns approximately 3000 pubs. The company also owns lorries, warehouses and so on. All these buildings, machines and inventories are insured against risks such as damage and fire.

Kjell van der Vooren, global insurance manager at Heineken, explains that IT systems are essential for the registration of all these properties and policies. IT is also important for the management and settlement of insurance claims. "We have to be

able to exchange data with stakeholders in all the countries where we operate – with people from our subsidiaries, but also, for instance, with supervisory bodies and external insurers."

Previously, contact was mostly via e-mail. As Kjell de Vooren explains, multiple spreadsheets were needed to provide the correct information. "Data had to be collected from various different sources. This created a confusing overall picture."

According to his colleague, insurance manager Stef Bank, there was a need for a central system to provide greater control. "Central management is crucial for us. It is important to have a uniform way of making and implementing decisions, for instance, about which risks to insure and which not."



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— KJELL VAN DER VOOREN, GLOBAL INSURANCE MANAGER AT HEINEKEN



→ THE SOLUTION: A CENTRAL, WELL-ORGANISED SYSTEM AS A SERVICE

"Our search for a supplier of a comprehensive system soon led us to Noria." Kjell van der Vooren says the main reason for choosing Noria was its combination of IT knowledge and insurance market expertise.

Another important consideration was that the solution is offered as a service (Software-as-a-Service, or SaaS). Roeminck wants to focus first and foremost on the business of insurance and not on IT management and maintenance. It is reassuring for the captive if a partner is able to implement a system that offers all the required functionality and provide confidence that the system works. This allows Roeminck employees to focus on the business of insurance rather than worrying about IT management and maintenance.

The new system is called PARIS (Policy and Reinsurance System). With this Noria application, all information is centrally accessible. In Kjell's words, this is Roeminck's "single source of truth". "Everyone will have access to the same current data in one portal and is able to easily share data in this environment, which promotes cooperation between employees."

Stef Bank notes that data quality has improved significantly with PARIS. This is partly due to the fact that the system works with clearly defined fields, with limited space for free text. This makes it clear for everyone exactly which information must be provided; communication is more streamlined. For instance, it is not possible to settle a claim until all the data have been entered correctly.

The portal provides clear overviews for employees of both Roeminck and OpCos (operational companies) and makes it easy to find information about insurances, properties (breweries, pubs, warehouses), claims (damage reports), documents (policies) and contacts.

The new system ensures more transparency and less "noise". Stef Bank has already noticed a decrease in questions from users about the information to be provided. Data is now available at the touch of a button. Previously, a lot of time was spent looking for PDFs and Excel spreadsheets that were stored in various files and applications. Manually combining data from different Excel sheets is now also a thing of the past. Better data-entry means claims are refused less often, which fosters internal commitment.



"Due to the fact that all data is centrally available and of better quality, we can now carry out random checks and audits faster."

— MATTHIJS DE SNOO, GLOBAL INSURANCE ANALYST AT HEINEKEN

→ RESULT: TIME SAVINGS, BETTER DECISION-MAKING, MORE ACCURATE FORECASTING

Now that all data is available in one integrated system, it is easier for the insurer to get a full picture of the risks, says Kjell van der Vooren: "This helps us in deciding which risks we want to bear and which ones we want to reinsurance."

According to Matthijs de Snoo, global insurance analyst at Heineken, PARIS makes it easier to comply with directives from supervisory bodies. "We can run reports much faster and it requires fewer actions. It is also much easier now to run several reports at the same time. This means that we save 25 hours a month on audit work alone. In addition, due to the fact that all data is centrally available and of better quality, we can now carry out random checks and audits much faster. Preparations that sometimes took two days in the past, now only take eighteen minutes."

Moreover, Matthijs de Snoo has found PARIS to be very user-friendly. "It is easier to find what you need. You no

longer have to search for everything associated with a claim, such as attached photos or an assessment by a damage expert. This results in less frustration."

According to Matthijs, the self-service portal saves extra time because third parties, such as accountants or agents, can be given direct access. They can find the information they need to do their work for themselves.

But what appeals most to Matthijs is that the captive now extracts more value from the data through analytics. In his opinion, PARIS makes it possible to discern trends more reliably than before. "This will allow us to change to a more preventive way of working".

Kjell Van der Vooren also praises the value of data analytics: "If it appears that damage occurs during transport of the cans due to the packaging, then we can opt for different materials. This can save significant costs, because if this type of damage is identified at one brewery, it is probably also occurring at all the others."

→ BENEFITS OF COOPERATION: THE SOLUTION IS CLOSELY ALIGNED WITH THE BUSINESS

Noria has been delivering central systems, specially intended for insurers, for thirty years. This is always based on a roadmap. The first step is that experts identify all the challenges and requirements. This is followed by a design process during which Noria's experts deliver thoroughly tested working modules through a series of short sprints. This results in a functional solution within just a few months.

Noria's consultants were praised by stakeholders at Heineken for remaining calm and stoic under pressure while ensuring that the job was completed. They also regard Noria as sometimes being rather 'stubborn' (in a good sense).

"They dare to say that something is not possible", Stef explains. "They don't promise the moon but are clear about the feasibility of certain requirements. They deliver customization, but not too much. The philosophy is that modifications and

improvements must provide benefits to all parties that purchase PARIS as a service. Customization certainly increases the complexity of a system, which makes it more difficult to manage."

Stef Bank says that the combination of insurance market knowledge and IT expertise is what makes Noria so strong. "I know of no other supplier that so clearly and closely satisfy the requirements of our branch. The front-end of the system is extremely user friendly, but Noria is also very good at configuring the back-end, the integration of applications and the system management."

Matthijs de Snoo agrees with this. In addition, he comments that Noria is also very proficient at quickly migrating unstructured data to a new environment.

Finally, Kjell van der Vooren praises the reliability of the people at Noria and the solutions they provide. "Our implementation was carried out according to an agreed roadmap. They do what they say. The solution itself is also reliable, does what it is supposed to do, and always works."

"The combination of knowledge about both the market as well as IT is what makes Noria so strong."

— STEF BANK, INSURANCE MANAGER AT HEINEKEN





Conclusion

In summary, Kjell states that the captive can optimise its entire insurance programme through the use of PARIS. This is because it provides better insight into the state of the organisation (with regard to equity capital, investments, claims, payments and risks). In this way the captive can far better calculate the ratio between which risks it bears and which it does not.

Furthermore, it is easier to comply with requirements from supervisory bodies in the areas of data quality and information security. The captive can control costs by streamlining processes. In addition, PARIS promotes cooperation and ensures that by using analytics more value is obtained from data.



Key takeaways

PARIS OFFERS THE HEINEKEN CAPTIVE SEVERAL MAJOR BENEFITS, INCLUDING:

- ✓ Central unlocking of data
- ✓ Improvement in data quality
- ✓ Working more efficiently through streamlined operational processes
- ✓ Less time spent performing searches or on manual work
- ✓ Running reports faster
- ✓ Less time required to compile a sample for audits
- ✓ Identifying trends more reliably
- ✓ User-friendly portal promotes cooperation
- ✓ No need to worry about the infrastructure through the use of SaaS
- ✓ Easier to satisfy supervisory and regulatory requirements (Accountancy, AFM - Dutch Authority for the Financial Markets, DNB - Centrale Bank of the Netherlands)