

History of PRIME

Gen Re's unique simulation exercise was developed in the late 1970s as a reinsurance management training tool. PRIME was created later as a response to client requests to create a similar tool that simulates operations from the perspective of the primary insurance company. Gen Re continually draws upon its consulting expertise and gathers input from primary insurance company clients to ensure that PRIME is truly reflective of their insurance environment. There have been numerous updates to the original PRIME version and an international specific model has also been created.

Thousands of insurance professionals around the world have participated in this challenging and educational exercise.

Continuing Professional Development Credits

PRIME has been accredited for Continuing Development Credits by:

- the American Institute for Chartered Property and Casualty Underwriters for eight CPCU Continuing Professional Development Credits or eight AAI credit hours; and
- the Insurance Institute of Canada for eight points of Continuing Professional Development Credits for all FIIC & AIIC graduates, and the Insurance Council of British Columbia for three Continuing Education Credit Hours.

Feedback From PRIME Participants

"After my first reading of the material, my initial thought was that it was going to be very technical and overwhelming. But as we got into it, I found that it made a lot of sense and was really relevant to how underwriting contributes to the whole picture."

"Not only did the PRIME session give our people insight into the day-to-day decision-making process of our company, but it also provided that training in an atmosphere that built team spirit."

"I can't remember the last time I've spent a day that combined learning and fun the way the PRIME game did. I'm truly amazed at how much of the 'real world' the exercise encompasses."



The PRIME Learning Experience

PRIME has proven to be an effective management tool. Its success over the years can be attributed to the feedback of participants and the improvements made to the simulation based on that feedback.

For more information on hosting a PRIME workshop at your location, please contact Gary Embleton at Gen Re: Tel. +1 213 630 2403 or gary_embleton@genre.com.



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PRIME Applications

Over the years, PRIME has proven to be flexible enough to support different types of meetings. It has been integrated into company training sessions, industry association meetings, regulatory agency training and agent/broker meetings. PRIME has also been utilized:

- as the centerpiece of a management retreat (typically with 12 to 100 participants), where PRIME provides the foundation to address important issues in a unique, nonconfrontational manner, and where issues can be treated in the abstract prior to being applied to specific cases;
- as part of a larger marketing/underwriting event (typically with 20 to 100 participants), where PRIME supports management themes, such as team building, varying viewpoints and big picture implications of decisions; and
- as a forum for senior management to work together with its board of directors to analyze insurance company operations.

Simulation Exercises

Simulation exercises and gaming concepts are thousands of years old. The ancient game of chess, for example, was originally a military training game. Easy-to-access personal computer systems facilitate these modern business exercises, which simulate selected aspects of reality. A completely realistic model would be equal in length to the event's actual time and, obviously, not practical. In this sense, participating in PRIME is comparable to the training that pilots take in flight simulators, where they are able to test various methods of operation within a compressed timeframe under safe conditions.

Overview of a PRIME Simulation

A typical PRIME simulation comprises the following:

- Introduction (*about 60 minutes*)
- Four Decision Rounds (*from 60 to 90 minutes each*)
- Four "Open" Periods (*from 45 to 60 minutes each to process the input data*)
- Wrap-up (*about 30 to 45 minutes*)

In total, a typical PRIME event takes a six hour commitment of the participants' time. In that time, participants will have run an insurance company's operations for the equivalent of four years!

Imagine that you are the CEO of an insurance company, faced with decisions that will determine your company's success, or even its very existence...

Then suppose that the consequences of your business decisions will emerge as hard copy management information within minutes. And that within a matter of hours you, with the aid of your senior staff, will have operated your company in a life-like environment for four years.

This opportunity is made possible through the use of Gen Re's Primary Insurance Management Exercise (PRIME) — a computer-assisted simulation that acquaints participants with the decision-making processes involved in operating an insurance company.

The simulation begins with pre-exercise reading material which includes the case study and instructions. On the day of the PRIME event, participants are assigned to teams and become responsible for senior management decisions facing the fictional insurance company that they have inherited. The simulation is competitive as each team competes against all other teams participating, just as they would in a true marketplace.

Each team begins the exercise with the same book of business consisting of five lines of commercial or personal property and casualty risks. They must create a strategy for their mix of business and make judgements on pricing, agent/broker commission and policy limits. Staffing, reinsurance and investment calculations round out the operating decisions. Each team's decisions are pitted against the other teams with results to follow. Updated financial and management reports are then distributed for use in each succeeding round until four rounds are completed.

At the conclusion of the simulation, participants review lessons learned, successful strategies and other insights gained from the session.

PRIME's Benefits

Though only a simulation, benefits are real and participants have much to gain. As senior management, they must work in a competitive environment where market conditions (size, growth and competition), catastrophe potential, inflation and government regulation must be considered in their decisions. Participants also develop:

- an understanding of the consequences of micro or line decisions;
- a recognition of the importance of structure and planning, especially as regards natural, built-in delays when implementing decisions;
- an appreciation of the way different jobs fit into an organization, resulting in a better understanding of how one's actual job affects other departments and bottom line results;
- an understanding of the types of problems and/or opportunities faced within the insurance business;
- an emphasis on working within a team-based environment; and
- an appreciation of how insurance operating decisions can lead to successful financial results.