

# How Actuaries Can Play a Valued Role in Underwriting Audit

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## Sample Selection

- Assist in the selection of a statistically relevant or representative sample for each desired dimension of underwriting evaluation
- Allow actuaries to contribute to the development of a scorecard for performance measurement going forward

# Participate in Underwriting Review

- Participate in underwriting review can provide actuaries the opportunity to see opportunities for improvements in base product pricing methods
- Participate in underwriting reviews to allow actuaries the opportunity to detect changes that may lead to future trends in advance of when retrospective data would otherwise uncover same for the actuaries

# Analysis

- Assist in tying risks as underwritten to exposures that are the best measure of individual and portfolio risk
- Identify early large or unusual accounts/events will allow actuaries to make explicit adjustments to future reserving and/or pricing analysis.
- Provide quantitative assistance in the evaluation of key variables (e.g. classes, codes, industries) and emerging risks that might affect the companies business model as it relates to planned profit and growth objectives

## Analysis

- Develop empirical findings from files reviewed and extrapolate sample findings to develop a profile of the book of business reviewed and identify indicators in data that may reflect changes in the behavior or treatment of risk
- Uncover potential opportunities through actuarial analysis to capture more meaningful data (e.g. changes to retentions, excess/primary splits, and the use of reinsurance) to support reserving or pricing activities

# Pricing Methodologies

- Uncover potential mistakes or misinterpretations of pricing methodologies expected by actuarial and applied differently
- Identify variances in practice to compliance with filed rating plans
- Allow actuaries to see the value benchmarking may provide for the organization

# Communication/Training

- Identify opportunities for improved internal communication from underwriting to assist internal actuarial functions
- Provide a level of cross training in pricing to enterprise (Field/Line/Home Office) underwriters through the underwriting audit process