



# An Actuary's outside perspective on Innovation

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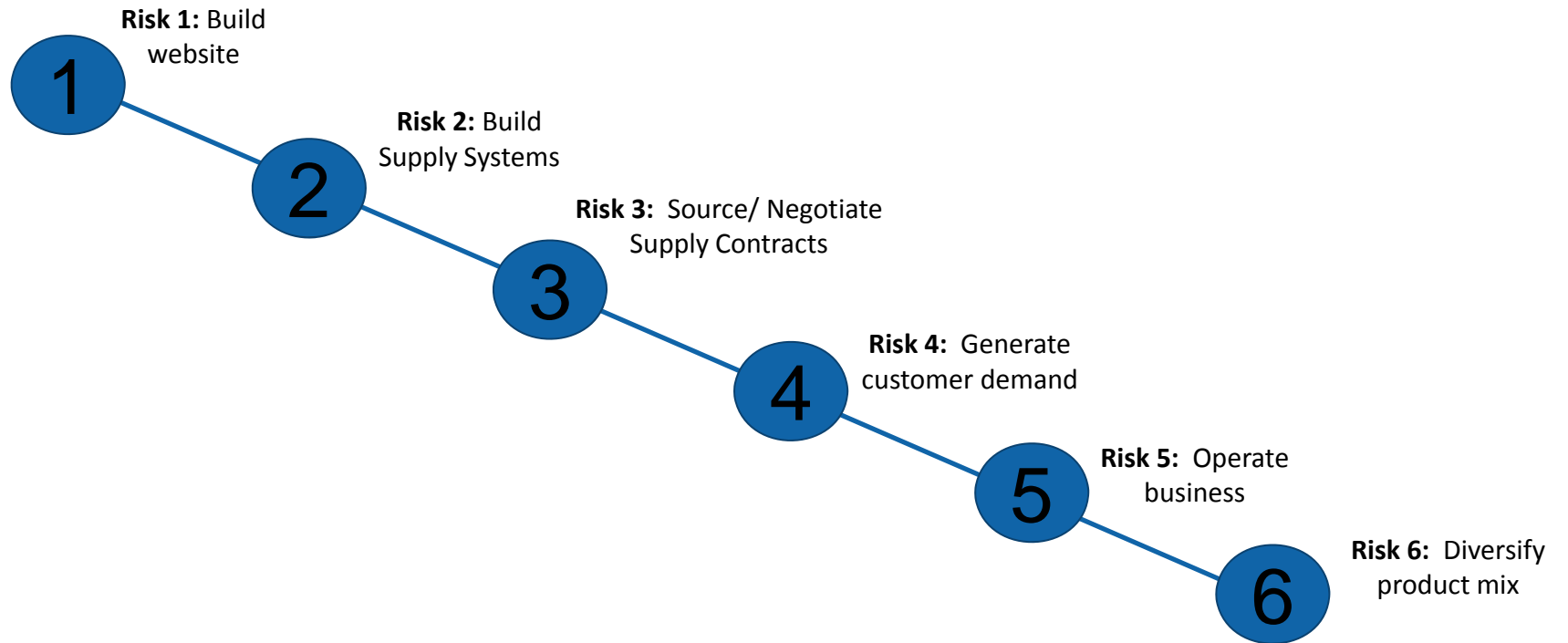
# Agenda

- Why innovation?
- Ideation process
- Methods for testing ideas
- Execution and follow ups

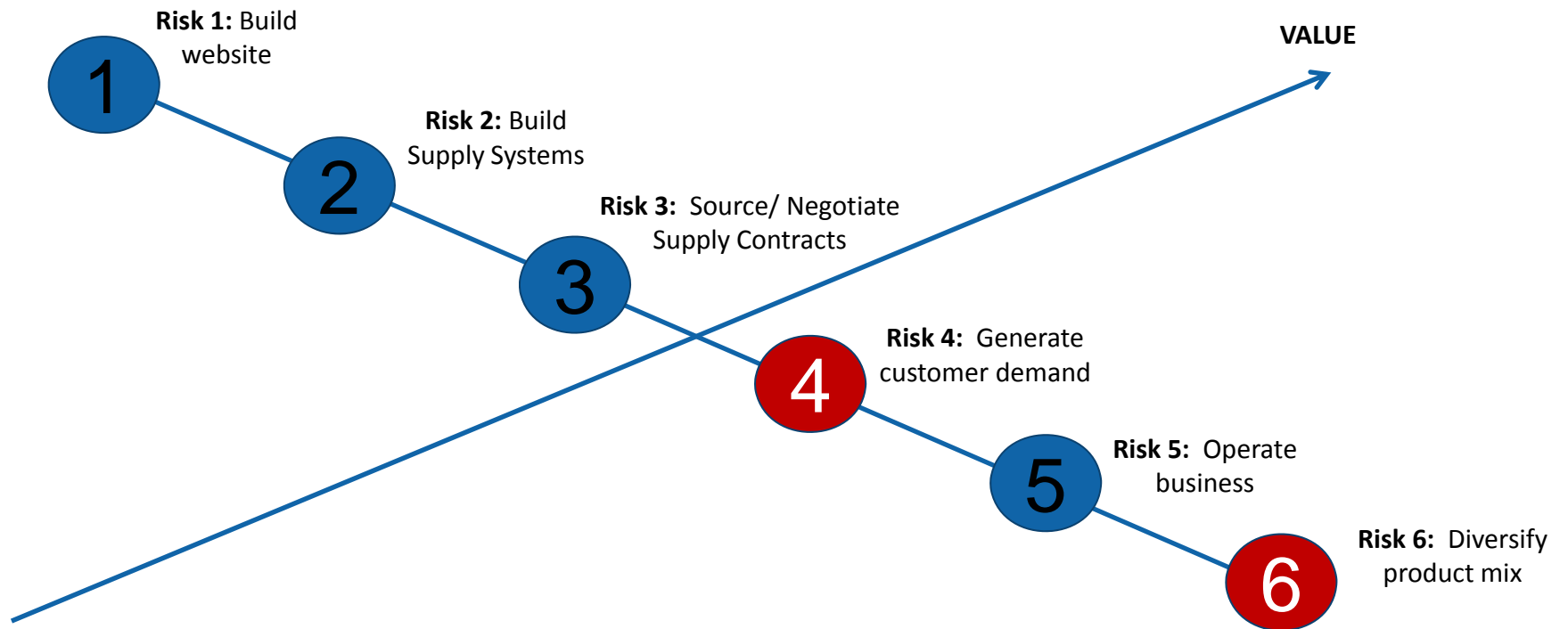


Traditional product development in  
travel insurance

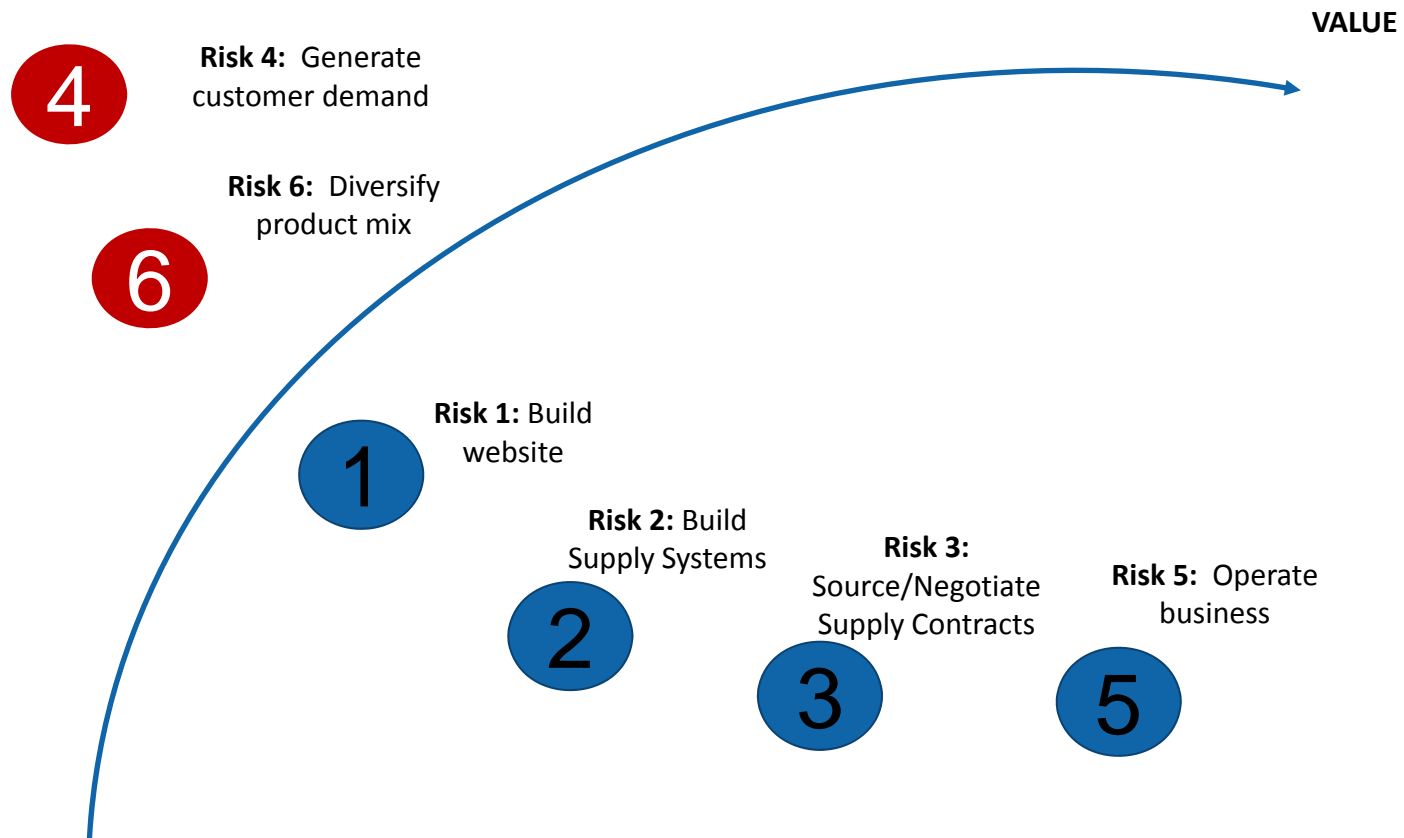
# Linear method



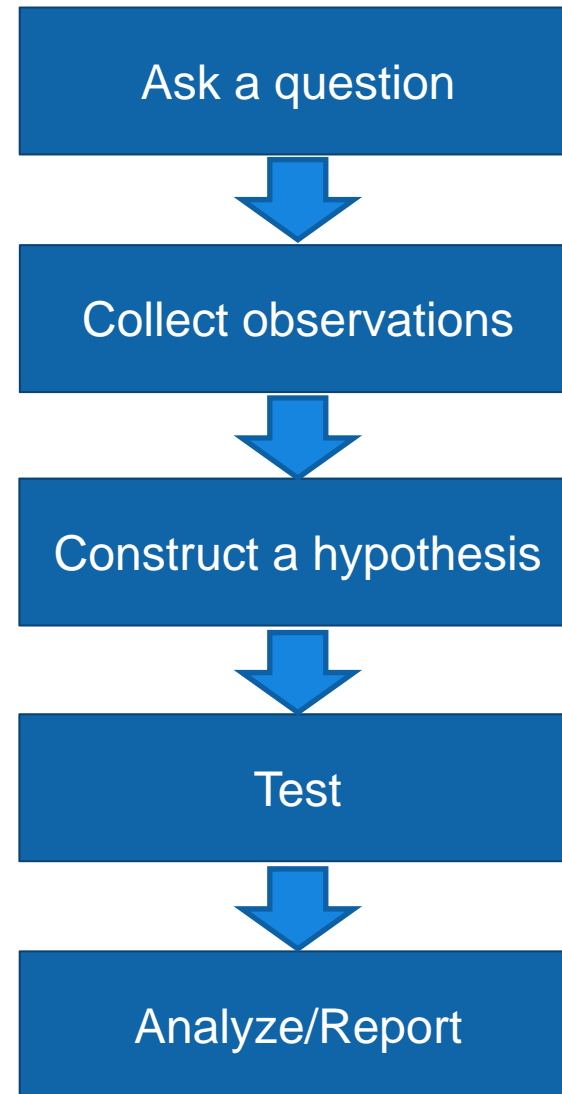
# Linear method



# What if...



**The scientific method is the state-of-the-art system to de-risk investment.**





Innovation process: Ideation



# Ideation sessions

## Objectives

- Clear questions – What do you want to accomplish?
  - Fixing processes?
  - Creating new products?
  - What new areas should we invest in?

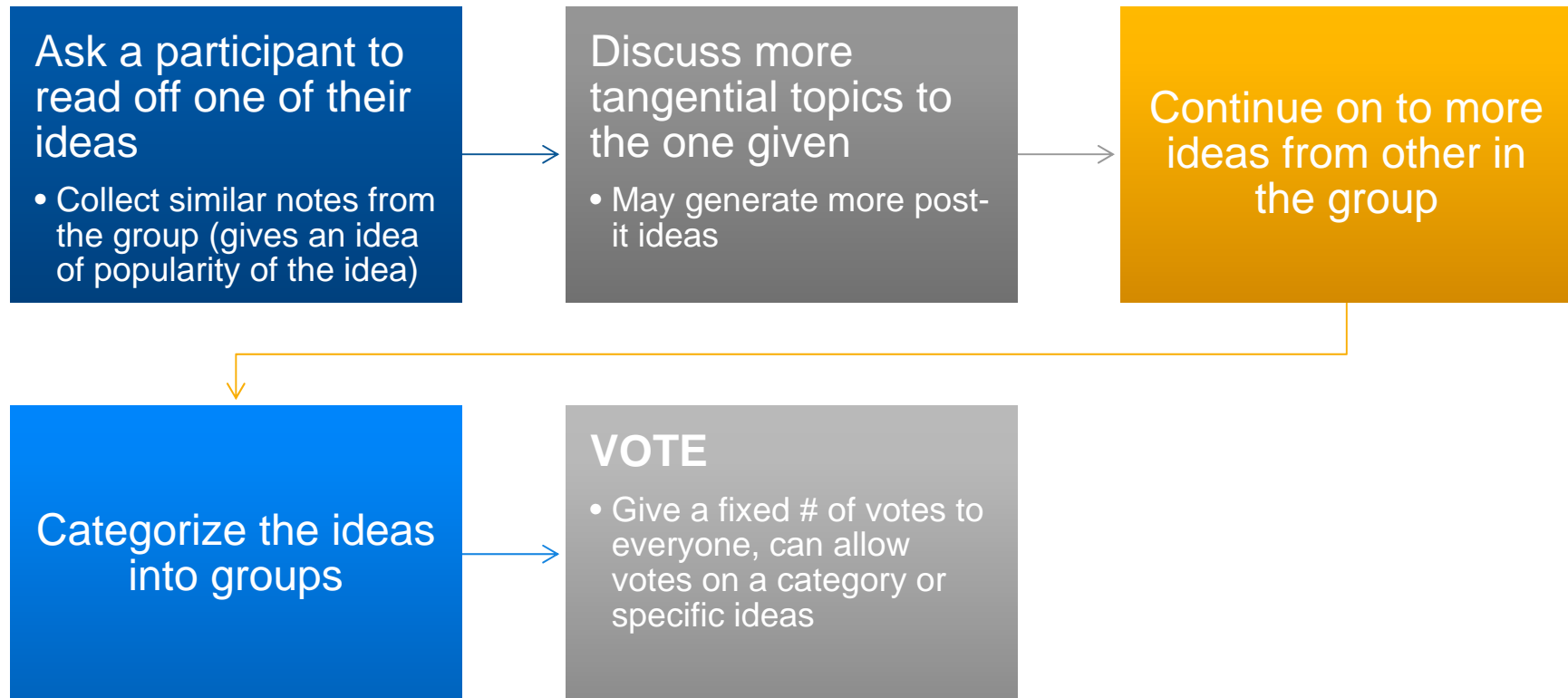
## Invitees

- Inclusion, wide spectrum of perspectives relevant to the issues you're discussing

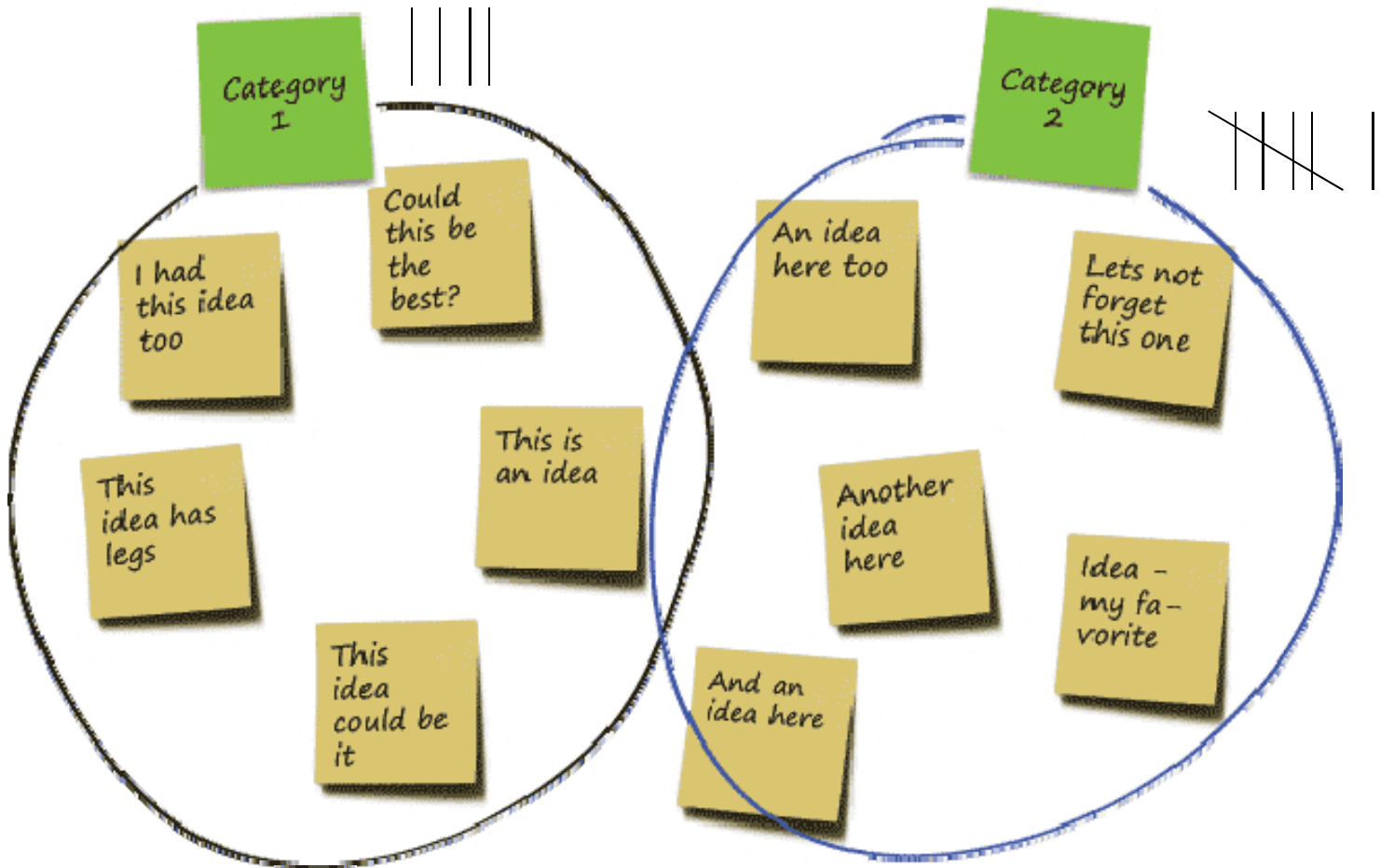
## Structure

- Bold markers, BIG Post-it note pads for everyone, one idea per post-it, be sure to write legibly
- Silent writing for ~5 mins

# Collect, Categorize, and Vote!



# Voting



## Potential problems / pitfalls

- Try and shift focus away from the deterrents/detractors

*Thoughts I've had thinking from an Actuary's perspective*

It will be too expensive

It hasn't been priced before

Possible adverse selection

No one else in the market does that

We can't do that due to legal/compliance reasons

***Focus attention to the ideas***

Feasibility, cost, logistics, etc. are handled later by a smaller team  
Parking lot for side topics (Follow up meeting or later. Take active notes)



Evaluation and implementation

# Getting an initial read: Smoke test

- Simple example:
  - Advertisement for a product that doesn't exist yet
    - New business idea? Set up a craigslist ad and see responses
    - Create a “Launching soon” page for an idea and see how many visits you get
  - **Key:** These are ways of measuring *genuine* interest.
    - AVOID SURVEYS IF POSSIBLE. Surveys tend to receive skewed data because people know they are taking a survey and respond different than the way they truly act
- Insurance specific example:
  - Banner on renewal notice email asking about usage based insurance

Sick of paying so much for insurance  
when you barely drive your car?  
Click here for more info

- Measuring these clicks can give an idea on how much interest there is in this product before having to rate/file/develop a whole new rating program

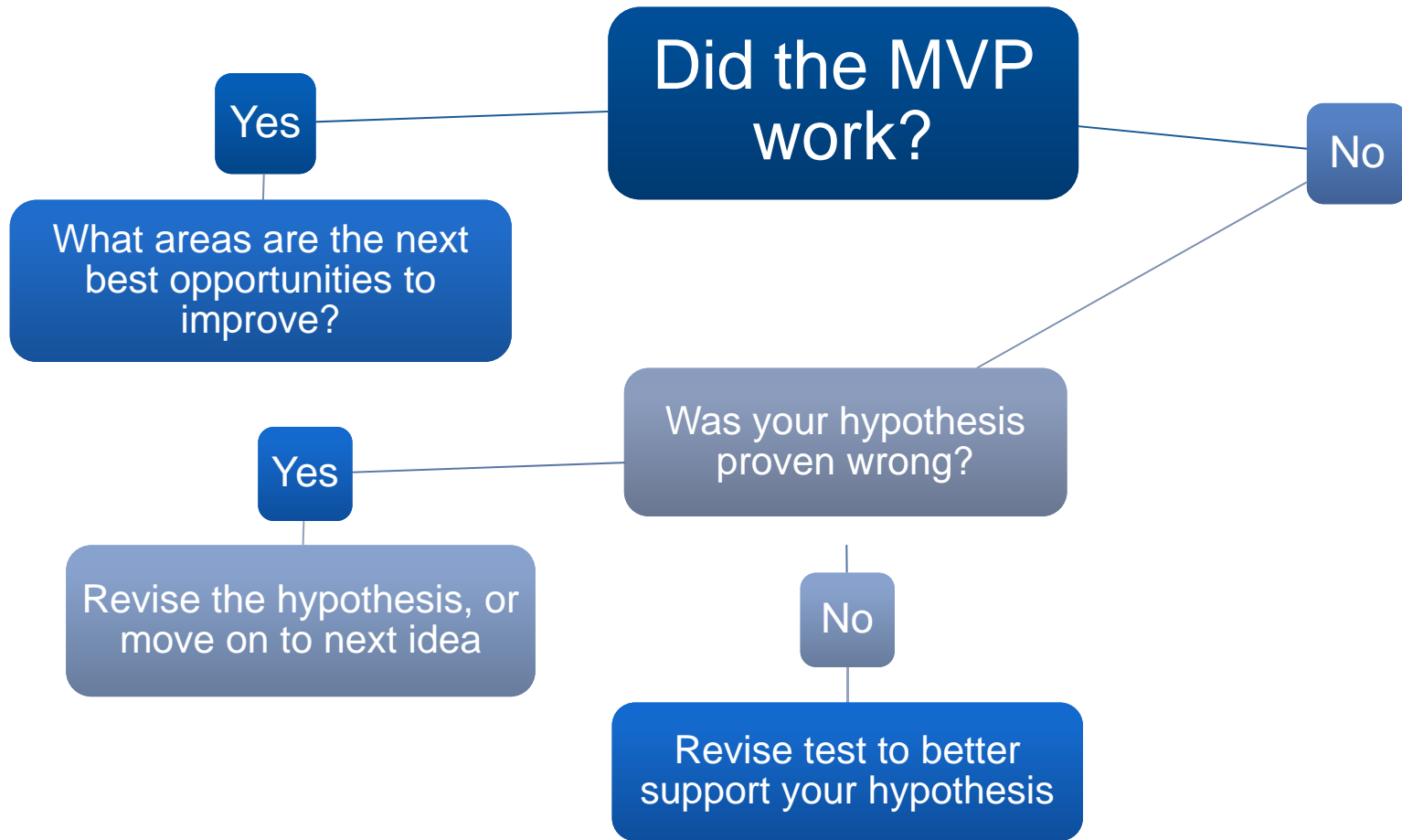


# Evaluating viability: Minimum Viable product (MVP)

- What is the quickest way to get your idea out into the market so you can get traction and improve it?



# Evaluation stage





# Takeaways

- Lots of ideas exist among people in your company/industry
- Innovation streamlines the testing of these ideas
- Over time, good ideas win out, others are disproved with data. In the end the winning ideas should easily offset the cost of developing the winners and losers

Questions?

Thank you!

