



EMB

Product Development

Session One

Robin Harbage, FCAS MAAA – EMB America LLC

Bill Wilkins, FCAS MAAA - Safety National Casualty Corporation

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Product Development

- Niche Identification – Robin
- Identify Key Stakeholders –Robin
- Consumer Research - Robin
- Data Gathering and Competitive Analysis - Bill
- Data Analysis and Predictive Modeling - Robin



Niche Evaluation

Evaluation Criteria

- What unmet consumer needs exist?
- Does the product fit corporate goals?
- Identify a unique consumer segment
- Is the segment large enough to matter?
- Can media be targeted to the segment at cost effective levels?
- Does the company have a customer proposition that can be attractive to the segment or can it be developed economically?
- Can the segment be written profitably?
- Is the segment already over-served or under-served?
- What sustainable competitive advantage can be created?

Customer Value Proposition

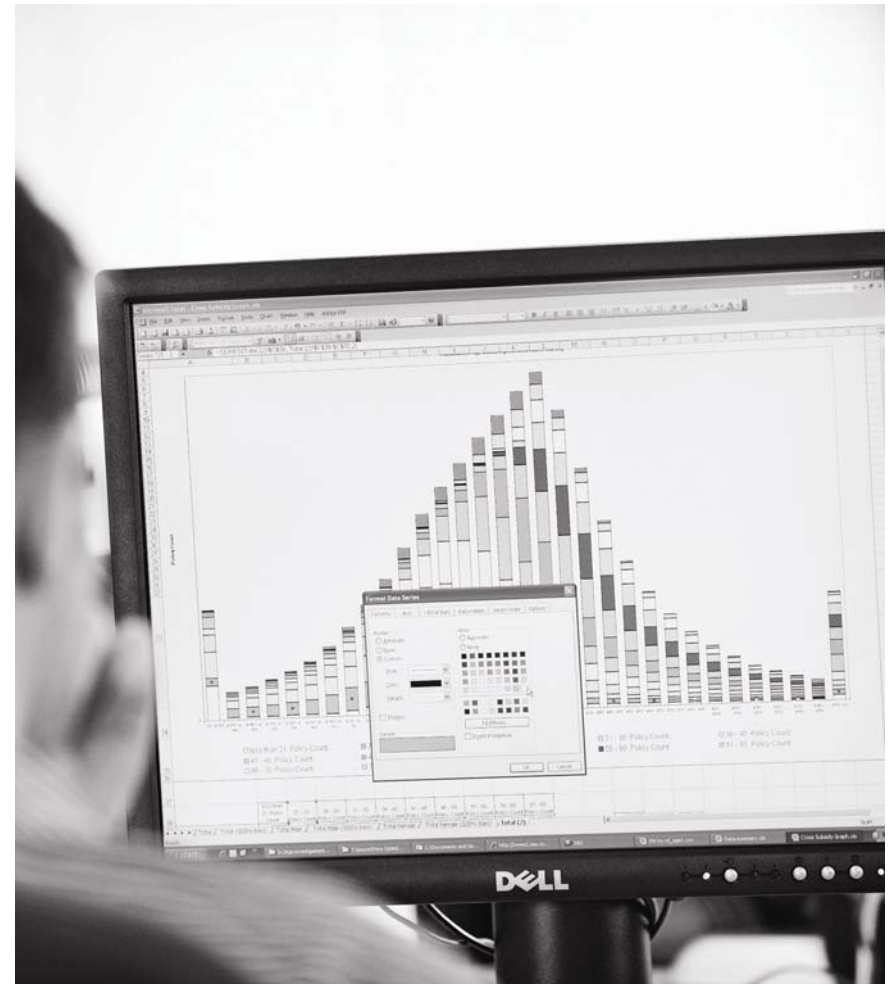


- Gaps in coverage
- Uninsured perils
- Too expensive
- Complicated

- No risk sharing

- Adverse selection
 - Package coverages
 - Package discount

- Insurance to value
 - Replacement cost
 - Inflation guard



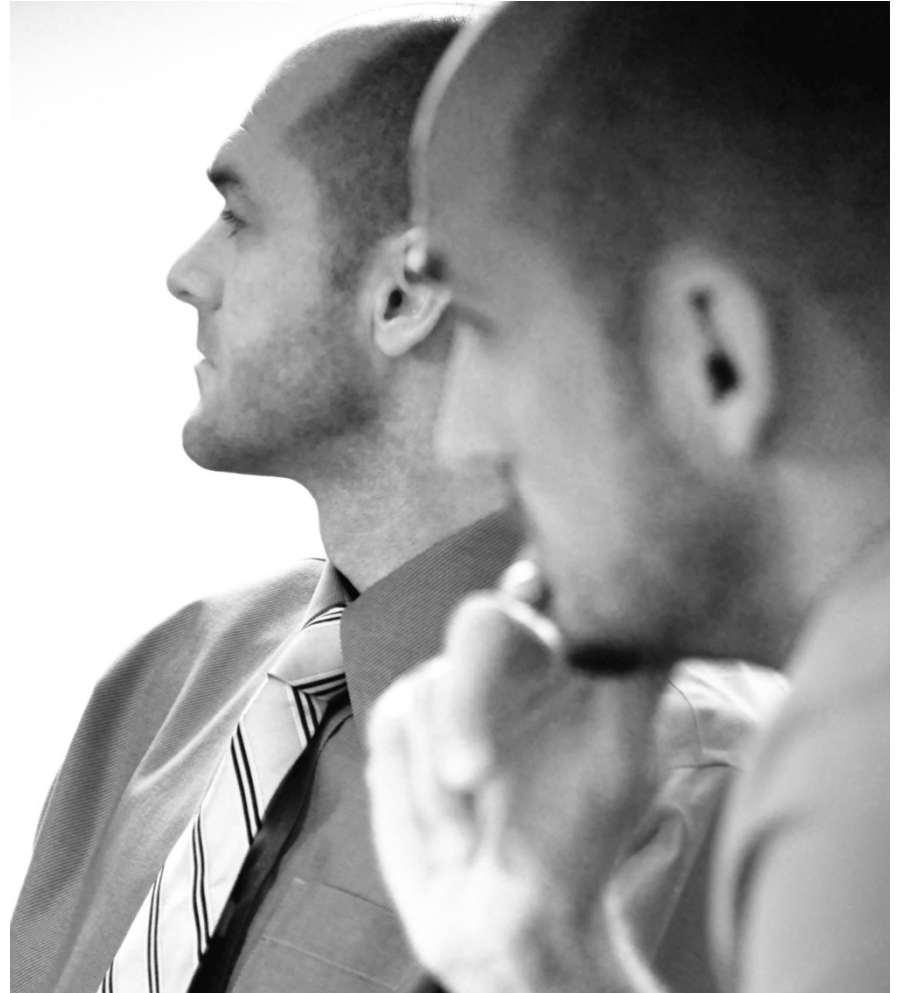
Identify Key Stakeholders

Tasks To Be Completed

- Identify goals
- Consumer research
- Strategy development
- Current product assessment
- Strengths and weaknesses
- Legal and regulatory constraints
- Systems requirements
- External vendors
- Rates and rules
- Policy forms
- Filing
- Implementation strategy
- Training
- Rollout

Required Functions

- Marketing
 - Consumer Research
 - Advertising
- Sales
- Legal
- Pricing
- Compliance
- I/T
- Claims
- Operations



Senior Management Support

- Do they really matter?

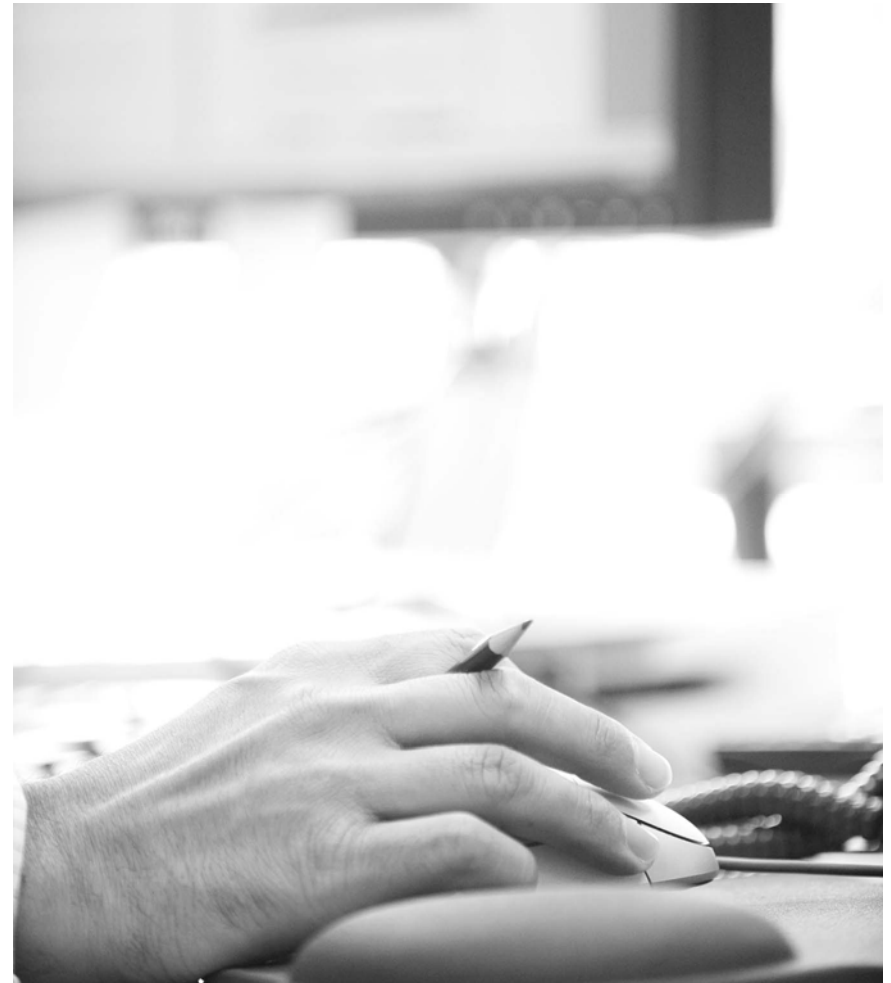
- Pretend they do and ensure early buy-in

- Important considerations
 - Is the project goal strategic?
 - Does it fit with corporate goals?
 - Proper level of communication?
 - Are all the necessary resources committed?

Consumer Research

Consumer Research

- Benchmark other industries
- Benchmark competitors
- Surveys
- Conjoint analysis
- Focus groups
- Test marketing



Data Gathering and Competitive Analysis

Data Analysis and Predictive Modeling

Data Analysis

- Identify goals of modeling effort
 - New business growth
 - Retention
 - Enhance profitability
 - Define or strengthen Brand
- Is effort a pricing or a product change, or both?
- Identify important variables
- Identify interactions between variables
- Model expected losses and expenses
- Evaluate impact of product/coverage changes
- Calculate price and rate changes

Contact us

EMB

12235 El Camino Real
Suite 150
San Diego, California
92130

T +1 (858) 793-1425

F +1 (858) 793-1589

www.emb.com

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