Intelligent Use of Competitive Analysis
CAS Ratemaking & Product Management Seminar
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The Dilemma in Selecting a Competitive Analysis Solution

- Class Plan Complexity
- Imperfect Solutions
- Cost/Benefit Considerations

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Uses of Competitive Analysis

- Targeted Marketing Initiatives
- Targeted Sales Initiatives
- Agency Appointments
- Underwriting Decision Making
- Product/Pricing Decision Making

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Product/Pricing Decision Making

- State-Specific Selections
- Countrywide/Goal State Class Plan
  - Reasonability check of goal state class plan changes
  - Inform modelers of factors to analyze
  - Complement cost-based analysis where data lacks credibility

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Types of Competitive Analysis

- Strategy/Direction
- Exposure/Market Penetration
- Rate and Factor Analysis
- Rate Change Analysis
- Underwriting Rules
- Premium Comparisons

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Premium Comparison Components

- Risk Selection
- Rate Generation
- Decision Analytics

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Risk Selection Options

- Market Basket
- In-Force Policies (renewals)
- Quotes (new business) Collected by Company
- Quotes (new business) Collected by 3rd Party
- Census Data

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Rate Generation Options

- Charged/Quoted Premium
- 3rd Party Software
- Duplicate Rating Engine
- Internal Rerating Application

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Rate Generation Challenges

- Credit
- Underwriting Rules/Tiering
- Timeliness
- Accuracy
- New Rating Variables

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Decision Analytics Considerations

- Scalability
- Stability
- Maintenance
- Cost
- Flexibility
- Ease of Use
- Who are the end users?

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Decision Analytics Metrics

- Single Competitor vs Market
- Rank
- Win Rate
- % Difference
- $ Win/Loss Amount

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Decision Analytics Options

- Build Something
- Buy Something
- Predictive Modeling/Data Mining Techniques
- Price Optimization

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