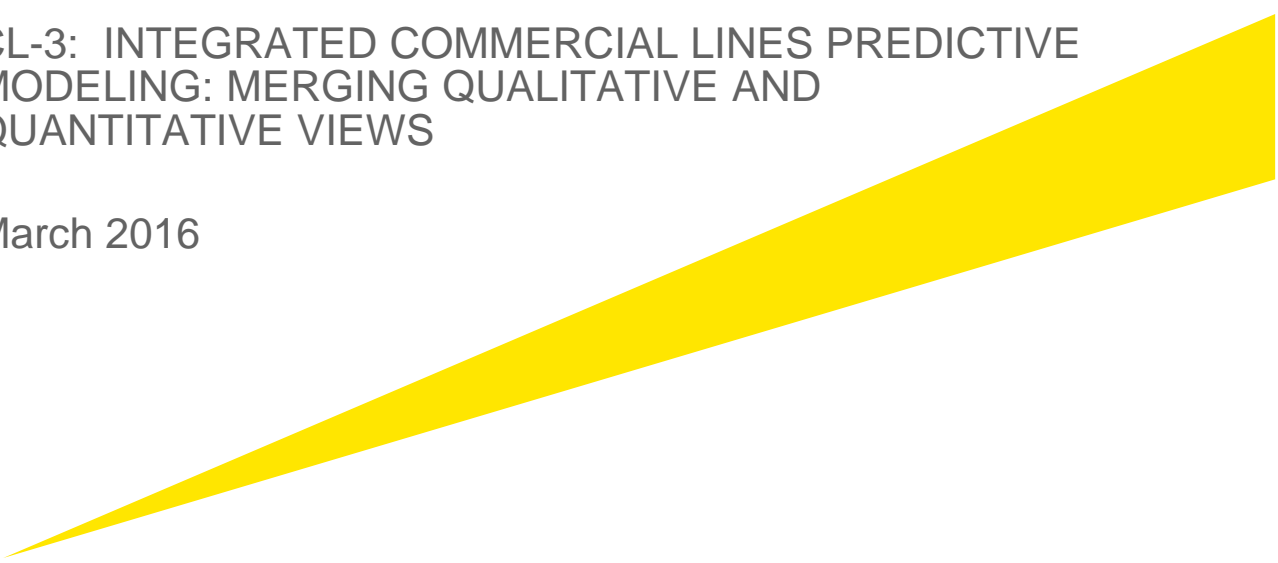




CAS Ratemaking and Product Management Seminar

CL-3: INTEGRATED COMMERCIAL LINES PREDICTIVE MODELING: MERGING QUALITATIVE AND QUANTITATIVE VIEWS

March 2016

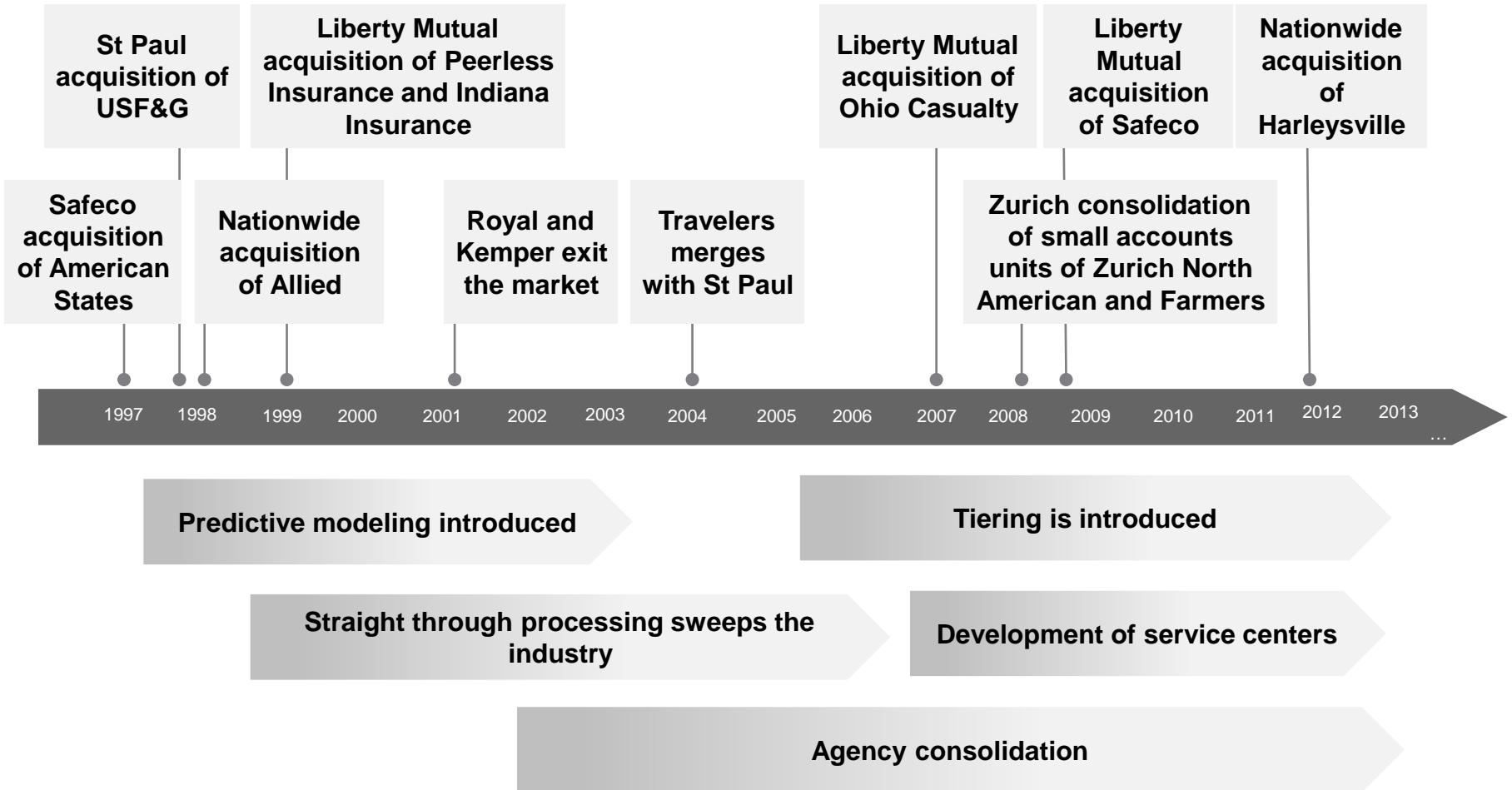


Antitrust Notice

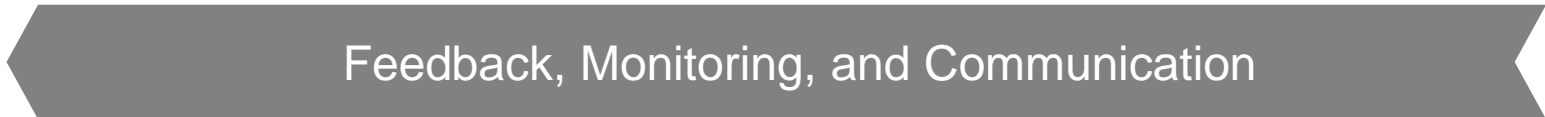
- The Casualty Actuarial Society is committed to adhering strictly to the letter and spirit of the antitrust laws. Seminars conducted under the auspices of the CAS are designed solely to provide a forum for the expression of various points of view on topics described in the programs or agendas for such meetings.
- Under no circumstances shall CAS seminars be used as a means for competing companies or firms to reach any understanding – expressed or implied – that restricts competition or in any way impairs the ability of members to exercise independent business judgment regarding matters affecting competition.
- It is the responsibility of all seminar participants to be aware of antitrust regulations, to prevent any written or verbal discussions that appear to violate these laws, and to adhere in every respect to the CAS antitrust compliance policy.



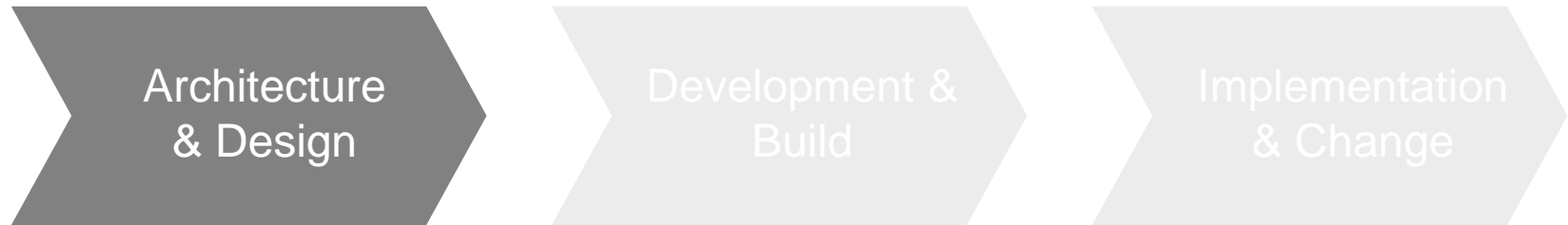
The Small Commercial Market has been shaped by a series of acquisitions, new technologies and efficiency gains



Commercial Modernization proceeds through a sequence of stages with a strong feedback loop



Commercial Modernization proceeds through a sequence of stages with a strong feedback loop



Question #1: How critical to success is establishing early anchors points around vision, value proposition, etc.? How explicit?

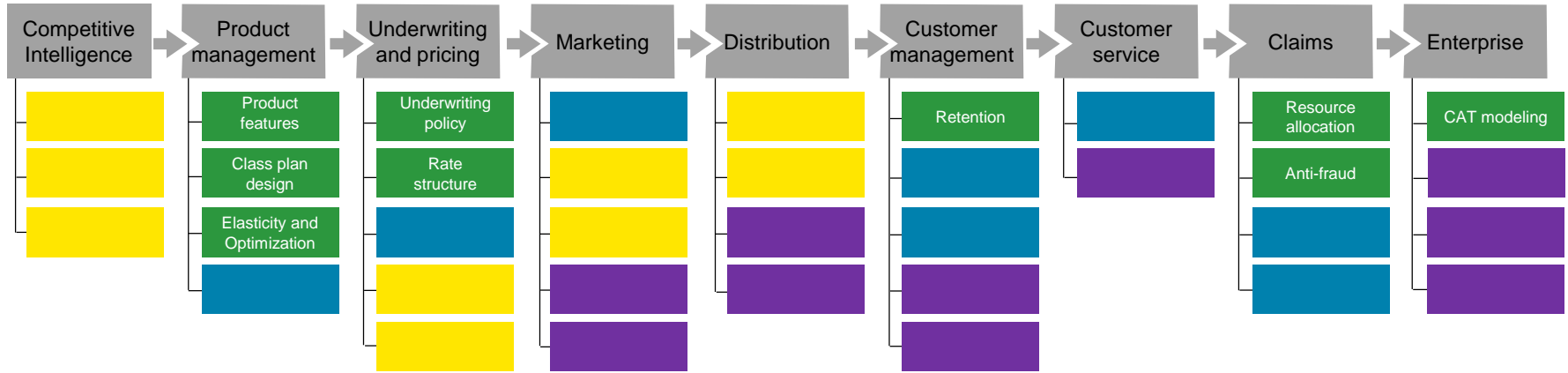
Question #2: Does the architecture / design have to be 100% decided up front or can the Exec team gain better focus and alignment over time? Trade offs?

Question #3: On the technical side, how critical to success is it to have a benchmark around the use of analytics / predictive modeling?

Feedback, Monitoring, and Communication


Benchmarking: illustrating how P&C insurers are driving greater business impact across their value chains through analytics

Property and Casualty insurance predictive modeling placement and maturity



Maturity key

- Wide adoption
- Early adopters
- Leading edge
- Visionary



Commercial Modernization proceeds through a sequence of stages with a strong feedback loop



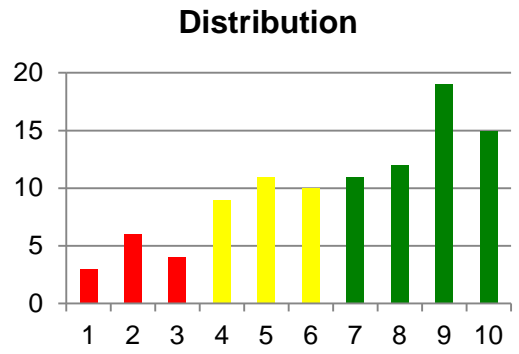
- Question #1: What were some unique challenges in merging the art and science of underwriting as you looked to re-platform the technology?
- Question #2: Tactically, what approach proved most effective in getting the underwriters / field personnel to engage in the development?
- Question #3: As insights develop how does one decide where to allocate the knowledge? Predictive model vs Rules engine vs Rates?

Feedback, Monitoring, and Communication

Protocol Workshop: codifying underwriting knowledge through a deeper dive into portfolio distributions

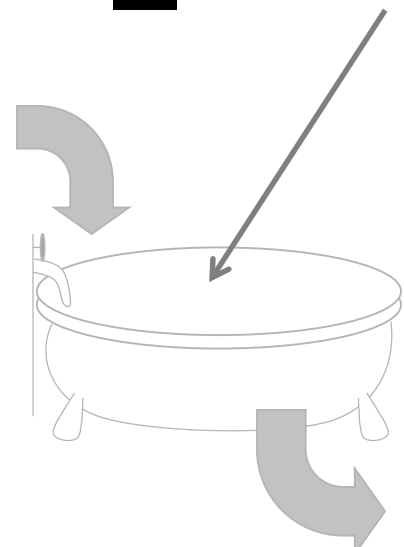
1

Measure the quality of flow into the portfolio through different sources. Compare and contrast with underwriter heuristics

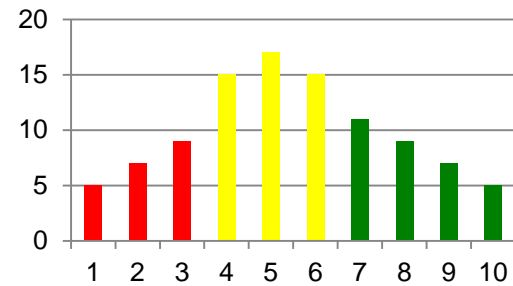


2

Measure the health of the portfolio and its various segments.



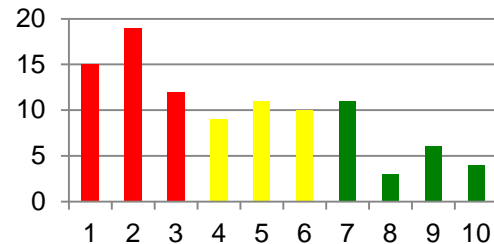
Distribution



Measure the quality of flow out of the portfolio through insured, agent, and insurer actions.

3

Distribution



Commercial Modernization proceeds through a sequence of stages with a strong feedback loop



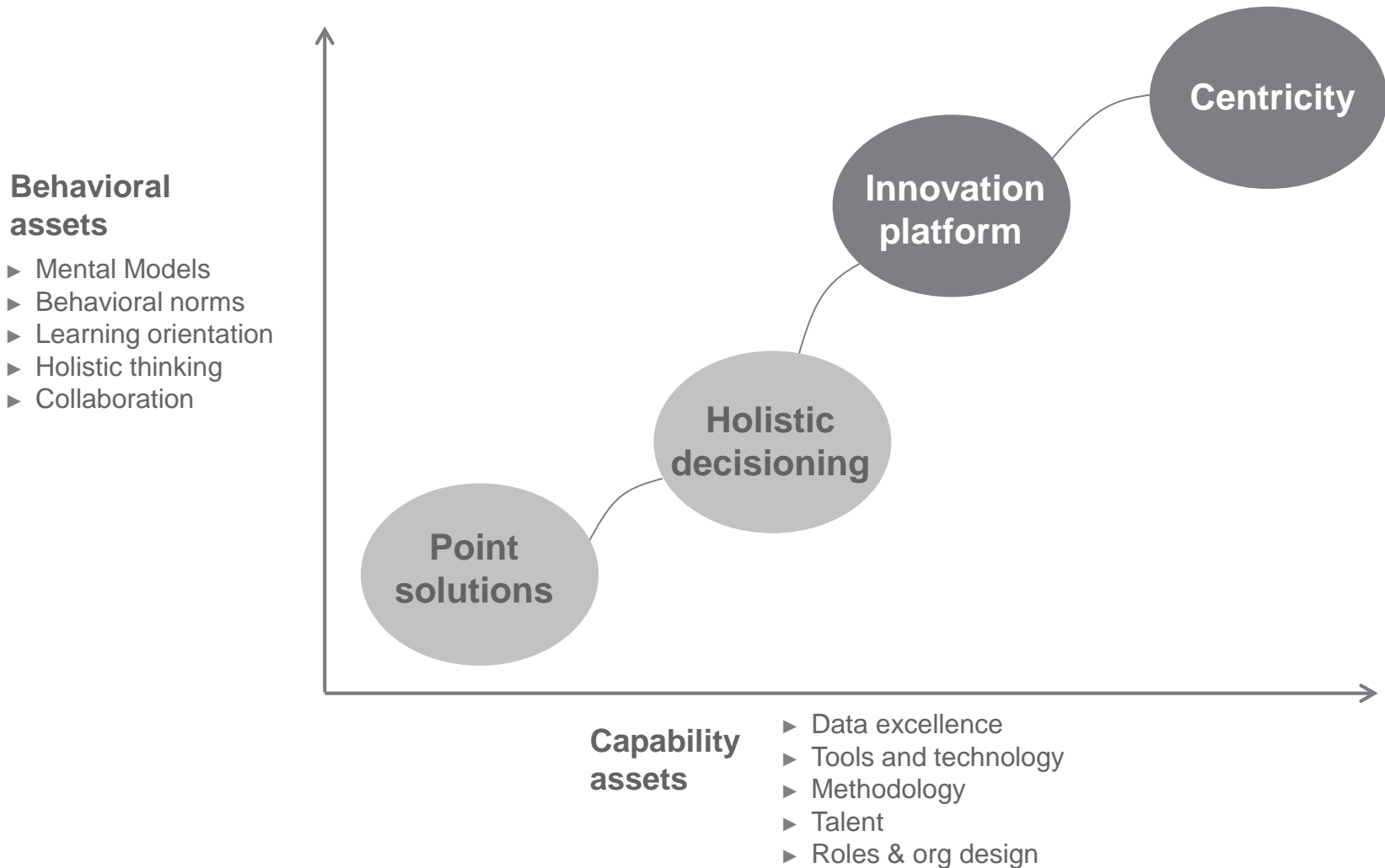
Question #1: Insurers often struggle with experimentation. How critical was “test & learn” to the implementation success?

Question #2: How would you describe the shifts in skill sets and personnel required to drive the changes?

Question #3: In the context of culture change, describe the pay back from the early investments in vision and early participation by the field?

Feedback, Monitoring, and Communication

Journey: successful transformation strategies involve explicit levels of investment along behavioral and capability dimensions



Questions & Answers

Ernst & Young

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit

www.ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© Ernst & Young LLP 2013

Published in the US

All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither Ernst & Young LLP nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.