

Ratemaking and Product Management Seminar

Product Development Workshop

19 March 2018



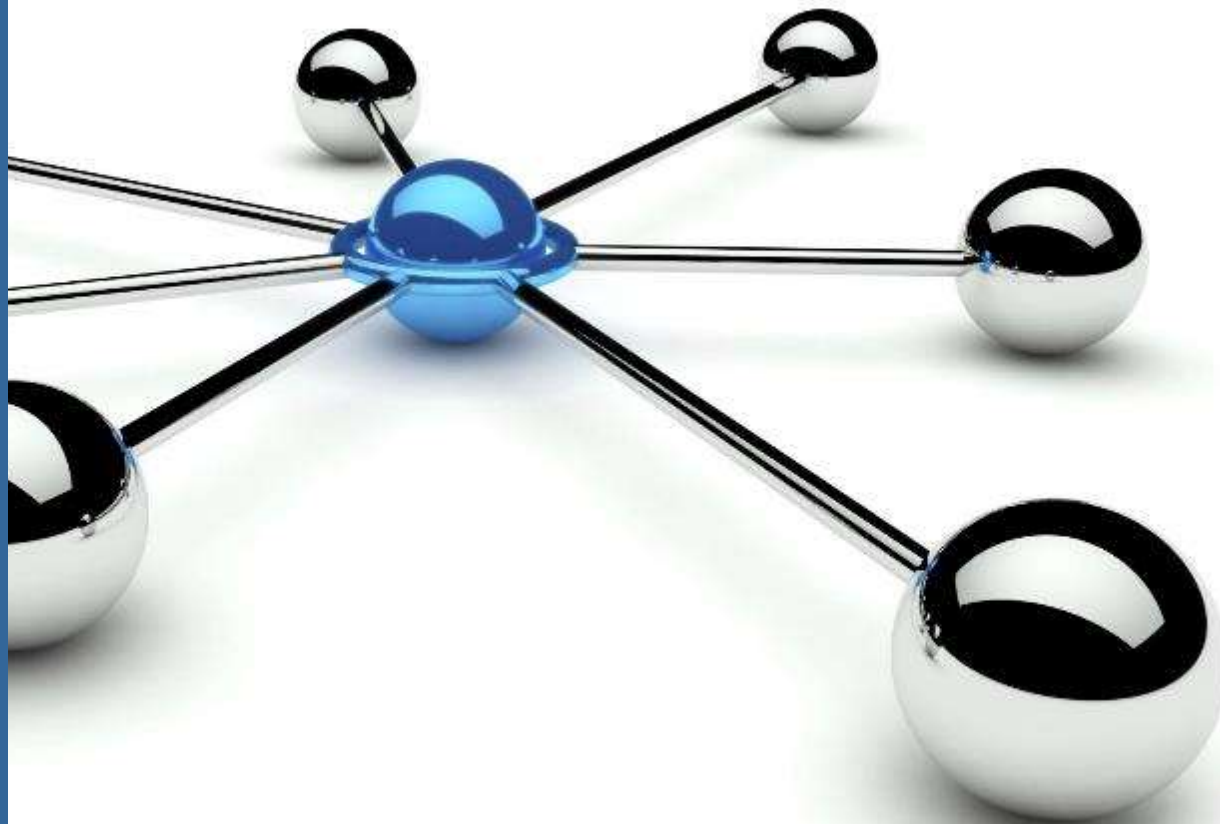
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Product Development Product Design

Robin Harbage, FCAS, MAAA



“We are continually faced by great opportunities brilliantly disguised as insoluble problems.”

Business Executive Lee Iacocca

Presentation Goals

- Highlight topics in Product Design.
- Solicit examples or further topics.
- Discuss with your team and present biggest challenge for your selected product.



Marketing

- Objectives
 - New business growth
 - Retention
 - Enhance profitability
 - Define or strengthen Brand
 - Budget
 - Competitive intelligence
 - Advertising plan
 - Tracking results
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Sales

- Distribution channel
- Seek input
- Gain commitment
 - Identify best practices and wins
- Training
- Metrics
 - Impact to current products
 - Identify trends
 - Identify outliers



Legal

- Identify and quantify risks (early)
- All legal risks cannot be avoided
- Regulatory issues
- Patents
- Contracts
- Terms & Conditions
- Filing requirements
- All product changes do not need to be filed

Pricing

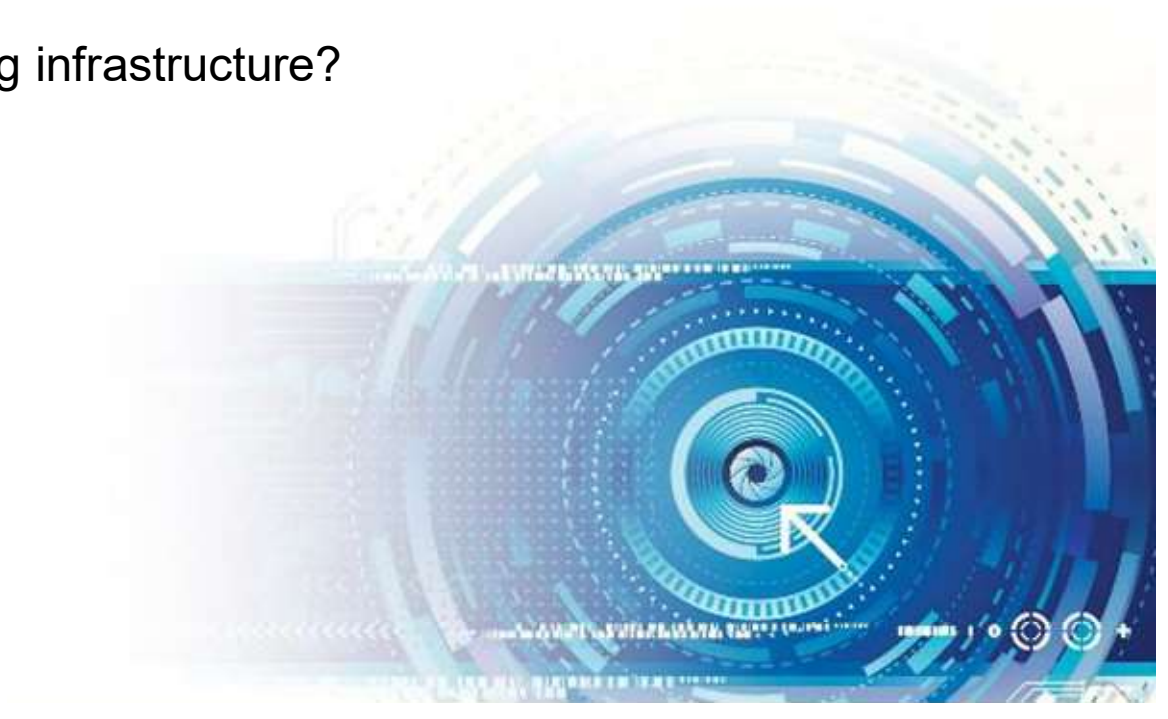
- Is effort a price change or a product change, or both?
 - Does the change expand coverage?
 - Identify important variables
 - Identify interactions between variables
 - Model expected losses and expenses
 - If possible, model elasticity of demand
 - Evaluate impact of product/coverage changes
 - Calculate price and rate changes
 - Forecast future effects for control metrics
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Underwriting

- Take all comers philosophy
- Targeted selection philosophy
- New or renewal business verification or data collection
- Manual UW or expert system
- Fraud detection

I/T

- Are I/T changes needed?
- Can you leverage existing infrastructure?
- Build or buy
- Lead time
- Budget for CBA



Claims

- Has coverage changed?
 - Does Claims have expertise?
 - Procedure changes
 - Capacity planning
 - Systems
 - Training
 - Metrics
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Operations

- Document procedure changes
 - System impact
 - Customer service requirements
 - Required training
 - Review customer complaints as early warning system
 - Damage control process if needed
 - Metrics
 - Unintended consequences
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Control & Finance

- Establish benchmarks for success
- Develop methods and reports for monitoring progress against goals
- What are major risks?
- Establish accountability for monitoring and fixing
- Exit strategy



Other Considerations

- Is price the only lever?
 - Billing
 - Product enhancement
 - Additional features
 - Packaging
 - Distribution
 - Customer service
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