




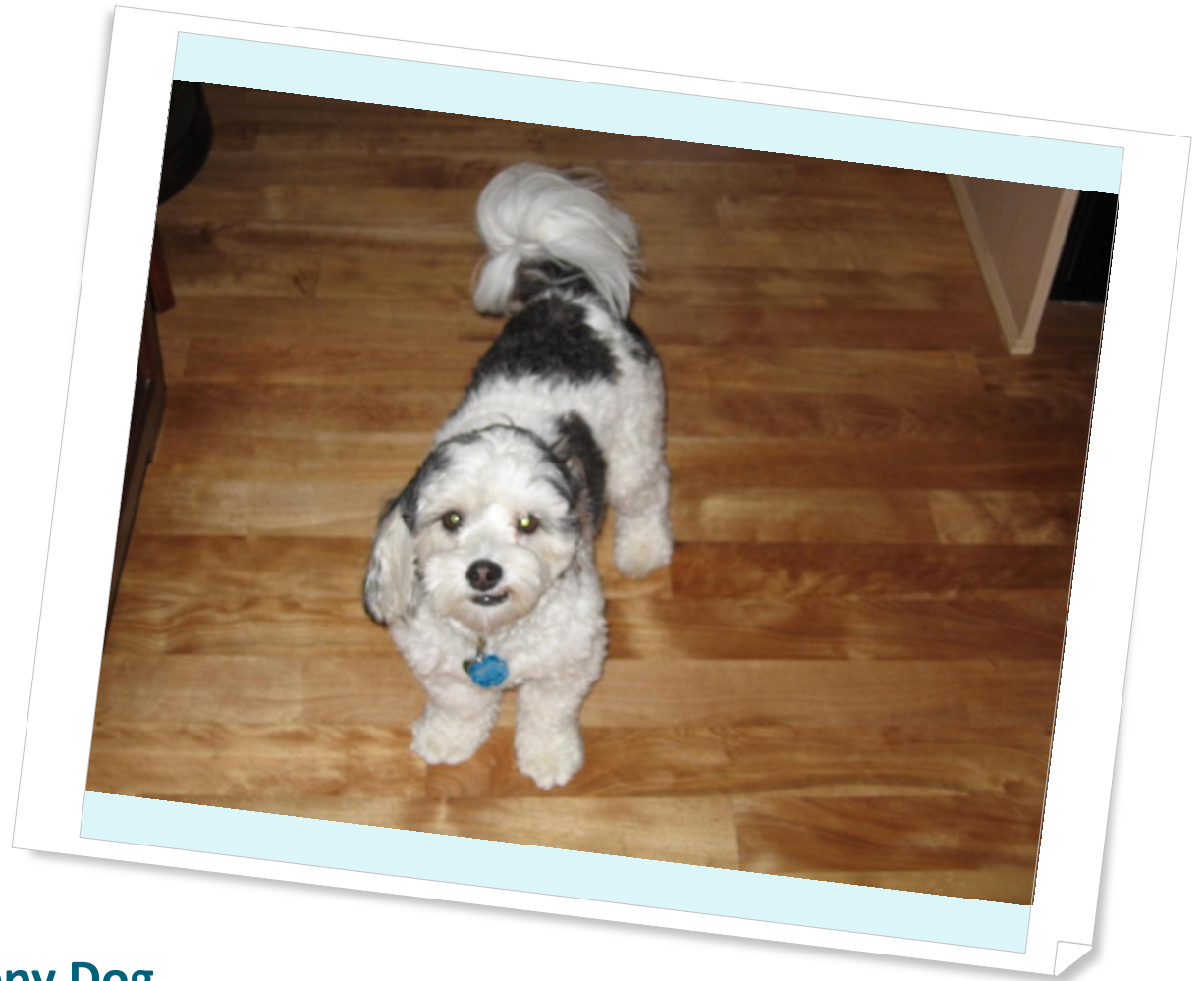
Underwriting and Actuarial: Making Better Dog Food Together



You can make the best dog food in the world; but if the dogs won't eat it, it isn't any good.



Traditional Dog Food



Loki : A Very Happy Dog

He likes his dog food and eats it up.

Traditional Underwriting

- Class Plans
- Rating Plans
- Underwriting Guidelines
- Schedule Credits/Debit Plans
- Underwriting Judgment



New and Improved Dog Food

Loki: Not so happy



He does not like his new and improved dog food so much.

New and Improved Dog Food

You can have the most predictive model in the world;
but if the dogs won't eat it, it isn't any good?

Who are the dogs?

- People who regulate insurance
- People who underwrite insurance
- People who sell insurance
- People who buy insurance

This is important


- How can you best integrate the model into your underwriting processes?
- Simple is always better.
- Models must be integrated into systems at the point of sale.



My View of Models

My View of Models

- They need good data.
- They improve risk selection.
- They improve our ability to price.
- They are probably wrong.
- They do not replace underwriting judgment.



What does finding a
submarine and
underwriting judgment
have in common?

How to make better dog food?

The best dog food is made through a close collaboration between Underwriting (Art) and Actuarial (Science). And always it has to made with dogs in mind.