

Using Predictive Analytics to Solve Business Problems



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The Problem

<p>Actuaries Know what PA can do. Know what is easier or harder.</p>	<p>Underwriters Know what their job is. Know what the pain points are.</p>	
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The Goal

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The Jumpstart

What can Predictive Analytics do?
How does it work?



Get past the magical thinking which surrounds Predictive Analytics.

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Predictive Analytics in Insurance

Predictive Analytics tries to provide...predictions.

Consider in your life and work – where are you making decisions and what is the basis for those decisions? Would better decisions make your life easier and let you do your job better?

- What to charge?
- Which claims to refer or settle?
- How to prioritize submissions?



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Predictive Analytics in Insurance

Historically, how have we gotten better at our jobs?

Experience – seeing decisions work out or not.

Think of Predictive Analytics as a systematic way to try to learn from experience.



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Predictive Analytics in Insurance

Finally, realize that predictive models give pieces of information. It may need to be combined with other info to inform *actions*.

Your MVR model let's you know the probability that an MVR will have *new* information *if* you order it.

So what?

Need to turn incorporate the cost of the MVR and the amount of a premium uplift to get an actionable decision.

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Questions?

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