Institute and Faculty of Actuaries

Thematic Review

Involvement of actuaries in pricing for UK Home and Motor insurance

Submission Guidance

16 July 2020

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Practice Area(s)	General Insurance
Geographic Scope	United Kingdom
Launch Date	16 July 2020
Submission deadline	30 October 2020

As part of its Thematic Review Programme, the IFoA is reviewing actuarial involvement in pricing for UK Home and Motor insurance. We are looking for responses to the Review Questionnaire and supporting examples of recent documents detailing actuarial analysis and advice which has been produced in relation to this activity. This document is a practical guide to taking part in the review. We have included some Q&A examples at the end of this document. If, however, you have any further questions, please do not hesitate to get in touch with the Review Team by emailing reviews@actuaries.org.uk. Thank you for taking part in this Thematic Review. Your input is very valuable to the IFoA.

Step-by-Step Submission Guide

Step 1: Secure Data Transfer

Before an organisation can submit any information as part of this review, the IFoA will set up a secure data transfer area on Egress. This will allow your organisation to upload files to a secure location to which only selected employees at the organisation and the IFoA Review Team will have access. Egress is much more secure than email, and very easy to use.

For your convenience, at the point you indicate an intention to participate, we will set up an Egress folder for your organisation to share information with the IFoA Review Team.

Step 2: Confidentiality Undertaking

The IFoA will put in place a Confidentiality Undertaking with each organisation sharing information under the Thematic Review Programme. Your Confidentiality Undertaking will be available for download and completion from your Egress folder. Organisations are encouraged to air any concerns around the Confidentiality Undertaking as soon as possible, so that this does not hold up submissions to the review. The Confidentiality Undertaking is also intended to cover submissions under potential future IFoA Thematic Reviews from the organisation concerned.

Step 3: Completion of Review Questionnaire

A key part of the data gathering for this review is the completion of the Review Questionnaire. This consists of questions relating to various aspects of the pricing process and seeks to develop an understanding of actuarial involvement and advice within your organisation. There is further background guidance and terminology provided at the start of the questionnaire.

Step 4: Selecting Examples of Actuarial output

We are seeking examples of actuarial output from each organisation. We would reiterate the confidential nature of our review and that the ability for us to review material for additional context and understanding will, we believe, enable us to provide clearer conclusions and feedback from the review. As a broad guide we would ask for up to 6 examples of supporting documentation to be provided.

Each organisation should exercise its own judgement in selecting examples of actuarial output to be submitted, but we ask that organisations consider the general need to be representative, whenever possible. Therefore, organisations submitting several examples should seek to ensure variety between and across the examples chosen. Considerations could include:

- **ownership**, *i.e.* which function of the business, 1st or 2nd line, actuarial or non-actuarial
- **stage of the process**, *e.g.* setting technical prices, setting street price
- **level of technical detail**, *e.g.* methodology document or governance paper
- **extent of actuarial involvement**, either drafting or review

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Step 5: Redaction

In order to maintain confidentiality, organisations are asked to redact the supplied output prior to submission.

What should be redacted?

Supplied output should be redacted to conceal any information which could lead to the identification of:

- any third parties referred to in the documentation;
- any individual other than the actuary who has authored or reviewed the advice.

What may be redacted?

Any information which could lead to the identification of the document owner or reviewer may be redacted, at the organisation's discretion.

N.B. Please note we are looking to conduct follow-up calls with a subset of participants and those willing to do so will need to identify themselves. In all cases, we will provide feedback on the questionnaire responses and any supplied examples of actuarial work to an agreed individual at the submitting organisation.

The names of individuals will not be shared outside the IFoA Review Team and will not form part of any reporting related to the review.

What should not be redacted?

The following information should be kept:

- any information, branding *etc.*, which identifies the organisation submitting the actuarial work;
- generic terms (*e.g.* "Company", "Bank") included in papers or reports unless the use of those terms risks identifying a third party organisation; and,
- elements impacting the overall structure and context of the actuarial work, in order to allow the Review Team, as near as possible, to review the advice as it was provided. This may mean retaining wording relating to other topics contained in a report, even though not subject to this thematic review.

Step 6: Submission of Review Questionnaire and Examples of Actuarial output

Once an organisation has redacted the examples of actuarial output to be submitted, they should complete the Submission Form and attach the Review Questionnaire, actuarial output examples and any other relevant documentation using the '**Please click here to attach the questionnaire and supporting documents**' button. See "Questions and Answers" below for further guidance on what documentation may be required.

Contributors can check which documents have been attached to the Submission Form by clicking on the paperclip icon on the left side of the window, or via the top menu '**View**>**Show/Hide**>**Navigation Panes**>**Attachments**'.

One Submission Form should be completed for each legal entity for which the organisation is providing submissions. Once a Submission Form is complete, with all the relevant documents attached, simply upload it to Egress. There is therefore no need to notify the IFoA that the submission has been made, by email or otherwise as the Review Team will be automatically alerted of the upload.

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Questions and Answers: What to submit

1	Q	**The questionnaire covers the work of different functions within the organisation, not all of them under actuarial responsibility – does the response need to cover everything?**
	A	We understand that there is likely to be a range of operating models. Ideally a full response would be received as this will provide the Review Team with the overall context in which actuarial work is delivered and to provide the greatest value to the review and potential findings. However we would still value a partial return with the information the organisation is prepared to share.
2	Q	**Is it a requirement of the review to provide supporting documents in addition to completion of the questionnaire?**
	A	Again the review is more likely to result in value-add conclusions where we can review actual material in addition to the questionnaire responses. We understand however that there will be potentially different appetites to supply material and would value questionnaire-only responses, or those containing limited additional supporting documentation. As set out in this guide, all material provided will be subject to strict confidentiality protocols and access limited to the handful of IFoA employees working in the Review team.
3	Q	**Can we submit more examples than requested?**
	A	Yes, if you believe this would be appropriate to reflect a range of situations. However, whilst the IFoA will aim to review all the examples it receives, priority will be given to reviewing up to six examples received from an organisation.
4	Q	**Can we submit reports without redactions?**
	A	The IFoA has taken special measures to store securely all materials received for the Thematic Review Programme. Materials will only be accessed by members of the Review Team. Organisations can choose at their own risk to submit reports without redactions. Please note that, before submitting any information the organisation should have agreed a Confidentiality Undertaking with the IFoA. At the point you indicate an intention to participate, we will set up an Egress folder for your organisation from where your Confidentiality Undertaking will be available for download.
5	Q	**It would be helpful to have the opportunity to discuss questionnaire responses, is this something that is planned as part of the review?**
	A	We appreciate that there will be different preferred approaches to participating in the review. We would like to both provide participants with the option to discuss responses to ensure context and/or detail is understood, and for the Review Team to be able to raise any questions arising from our analysis of submissions.
6	Q	**Is it a requirement to participate in a follow-up discussion with the Review Team?**
	A	As indicated above it would be helpful to have the opportunity for us to raise questions directly to ensure our conclusions are based on a correct understanding. However where a participant would prefer not to do so then that is fine.

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Questions and Answers: How to submit

1	Q	**I have completed the Review Questionnaire and have the relevant examples and documentation ready, why do I have to complete the Submission Form?**
	A	The final step of the submission is to complete the Submission Form and attach the relevant examples and documentation. By completing this form, you are providing us key information which includes formal authorisation from your organisation to participate in the review. The Submission Form also allows for the collation of the questionnaire and related documentation for each submission for review.
2	Q	**How do I attach documents to the Submission Form?**
	A	• In Section 1 of the form, click on the red button '**Please click here to attach the questionnaire and supporting documents**'. Your file explorer window will open to allow you to navigate to the location of these documents. • Once you have selected the document you wish to attach, click on 'Open', which will take you back to the Submission Form. • To see the document you have attached, click on the paperclip icon on the left-hand menu bar. From here you can also remove/delete attachments from the form.
3	Q	**My Egress credentials don't work – what do I do?**
	A	There could be several reasons why you do not have access to the folder when you log in to Egress. To resolve the matter, in the first instance please contact the Review Team by emailing reviews@actuaries.org.uk.
4	Q	**Can you arrange for another user to upload information to Egress?**
	A	Yes, we can provide access to another contact at your organisation. We would require you, as our named contact, to email reviews@actuaries.org.uk with this request together and the full name and email address of the additional user.
5	Q	**How do I know uploads to Egress have been successful?**
	A	You can check your files have uploaded successfully by navigating to your Egress folder and checking the documents listed there.
6	Q	**What do I do if my organisation's systems do not permit access to Egress?**
	A	If you are not able to access Egress, contact us by emailing reviews@actuaries.org.uk. Arrangements will be made to allow you to make the submission by email in a secure manner.

The Review Team is on hand to answer your questions and to provide assistance throughout the submission and review process – do not hesitate to contact us at reviews@actuaries.org.uk.

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