

Workshop

An introduction to personal lines premium rating techniques

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This workshop is primarily aimed at those with little experience of personal lines pricing, and will consist of a presentation followed by a discussion.

The presentation will consist of

- an overview of the stages involved in the rating process, including
 - modelling the claims experience
 - considering policyholder retention and price elasticity
 - considering the competitive position
 - deriving the optimal rating structure
- an introduction to the theory and practical application of generalised linear models, including
 - the mathematical formalisation of GLMs
 - model forms typically used
 - how to test factors for significance
 - how to look for interactions
 - how and when to apply restrictions to the model
- the results of a market survey undertaken by the *Measuring Competitiveness* working party which shows
 - how different rating factors (and rating factor interactions) are used by a number of UK personal lines insurers
 - how these rating structures have changed over time.