A-levels

Part 1
- History
- Geography
- Philosophy
- Business Studies

Part 2
- Case studies
- Exam

History

- Admiral’s roots are in the UK
- Launched in 1993
- Admiral, Bell, Diamond, Elephant
- Confused is part of the Admiral Group
- Over 3m motor customers in the UK
- Admiral is not just UK motor – but it does dominate
History

Geography

Philosophy

- Passion for data
- Supportive culture
- Innovative approach
Philosophy

- Passion for data
- Supportive culture
- Innovative approach

Sharing of tools, knowledge, ideas, training...

Business Studies

If you want cross-fertilisation in Pricing, how do you organise this?

- Centralised
  - Possible lack of local knowledge
- Non-centralised
  - Possible lack of expertise
- Matrix
  - Who owns what?

Business Studies

- Central team who advise the international operations
- Ultimate responsibility sits with the local teams
Part 2: Case studies (and exam questions)

- Pricing oriented case studies that are more focused on differences rather than similarities
- Differences are only half the story
- Similarities are often subject to cultural tweaks

Culture

Case studies

- Initial rates for a start-up
- Regulation in the US
- Geography in Italy
- Baremo in Spain
- Telematics
Initial rates

How do you build an initial rate structure?

- UK experience
- Market information

Dilemma between
- growing quickly (potentially expensive), and
- growing slowly (slow learning)

Exam Question 1:
You are setting up a non-UK insurance company. What is the easiest way of creating your first set of rates?

Answer: Move to the US
Regulation in the US

- Getting an initial set of rates is easy
- Maintaining confidentiality is difficult
- "Interesting" rates are usually not allowed
- Changing Prices is more difficult than it is in the UK / Europe

Exam Question 2:
How do I make the best possible use of geography in Pricing?

Answer: Move to Italy
North of Italy
Rich area, safe drivers
Low avg premium

Campania Region
Poor area, “crazy”
driving habits, wide
fraudsters organizations
High avg premium
Pricing in the north and the south of Italy

<table>
<thead>
<tr>
<th></th>
<th>North</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg Premium</td>
<td>€250</td>
<td>€450</td>
</tr>
<tr>
<td>Claim freq</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Claim size</td>
<td>€1300</td>
<td>€1800</td>
</tr>
<tr>
<td>Loss ratio</td>
<td>70%</td>
<td>60%</td>
</tr>
</tbody>
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Numbers at 24 months development. Is this priced correctly?

Creative Claims

Plastic carrier bag
Exam question 3:

What is the best way of dealing with claim severity?
Exam question 3:
What is the best way of dealing with claim severity?

Answer: Move to Spain

The Baremo

<table>
<thead>
<tr>
<th></th>
<th>CASE 1</th>
<th>CASE 2</th>
<th>CASE 3</th>
<th>CASE 4</th>
<th>CASE 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Whiplash</td>
<td>Lack of vision in one eye</td>
<td>Arm amputation (at shoulder level)</td>
<td>Paraplegia T6 T10, total disability and need external help</td>
<td>A 25 years old man classifying as a widow and 2 sons &lt;3 years old</td>
</tr>
<tr>
<td># treatment days</td>
<td>60 days</td>
<td>60 days</td>
<td>365 days</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td># points under current baremo</td>
<td>1 to 5</td>
<td>55 to 60</td>
<td>55 to 60</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Compensation range</td>
<td>EUR 3,300 to EUR 80,175</td>
<td>EUR 80,175 to EUR 911,763</td>
<td>From EUR 80,175 to EUR 1,272,394</td>
<td>EUR 122,394 to EUR 155,756</td>
<td>EUR 253,076 to EUR 1,272,394</td>
</tr>
</tbody>
</table>

Claim severity in the UK and in Spain

![Graph showing claim severity comparison between UK and Spain]
Claim severity in the UK and in Spain

Telematics
Car repairs in Spain

MOD freq on Comp (car repairs)

Conclusions

- Be humble, there is a lot to learn
- Understanding cultural differences is more important than math
- Don’t forget downside risk management

Presentation done

Any questions?