Commercial Pricing & Portfolio Analytics

*Three impossible things before lunch, with apologies to Lewis Carroll*

David Ovenden
Commercial Pricing & Portfolio Analytics

- Challenges
- Ambition Statements
- Data Assets & Data Strategy
- The Answer v Decision Support
- Technology
- A Vision for the Future
“Three Impossible Things before Lunch”

- A Strategy for data
- Unpicking the technology
- Changing the culture
Ambition Statements

“Every adventure requires a first step”
The Cheshire Cat, Alice in Wonderland
“Every adventure requires a first step”

Ambition Statements

Technical Pricing

Underwriting Decision Support

Active Portfolio Management

Process Efficiency

Technology

Culture and Leadership

September 2019
Data Assets & Data Strategy

“Curiouser & Curiouser”
Alice, Alice in Wonderland
"I do not have enough data to build a predictive model"

• Align the past
• Fix the future
• Cross function data alignment
• Global consolidation
• External enrichment
• Unstructured data

Tone from the top
Intolerance of anecdote
Correction of data issues
Breaking the cycle of poor data

- Identify
- Capture
- Store/Protect
- Provision
- People
- Process
- Content
- Environment
- Culture

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The Answer v Decision Support

“It would be nice if something made sense for a change”

Alice, Alice in Wonderland
Size is a poor proxy for complexity

Often SME or eTraded risks are defined by some simple one dimensional metric:

- Risks less than £10k
- Risks with less than 10 employees
- Risks that have less than a £1m in turnover

Plotting this against trade provides a circular automated footprint
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Expanded Appetite

Restricted Appetite
Using scored layers to create granular segments

Using an increasingly wide range of internal and external data assets, it's possible to develop, test and deploy a range of models across the workflow process:

- Pricing
- Risk selection
- Structured interventions
- Routing
- Prioritisation
- Evaluation

These can be used to automate all or part of the business process or support human intervention with decision support.
Providing support requires a process

Research & Pipeline
Understand the risk and context
Initial acceptance decision
Price the risk
Terms and Conditions
Develop deal options
Present the deal options
Negotiate
Case Underwriting decisions in context

Acquisition
- Proactive Pipeline Analytics

Selection
- Conversion Optimisation
- Outlier Identification

Pricing and Negotiation
- Pricing Transparency and Visualisation
- Risks Like These and Portfolio Context

Pricing and Portfolio Management
- Portfolio Analytics and Visualisation
- Exposure and Accumulation Management
- Renewal Optimisation
- Reinsurance Optimisation
- Third Party Scoring

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The Underwriting Process

Example: operational models and decision support

- Research & Pipeline
- Understand the risk and context
- Initial acceptance decision
- Price the risk
- Terms and Conditions
- Present the deal options
- Negotiate

Workflow Orchestration

Internal & External Data Assets
Example: operational models and decision support

Sophisticated Automated Footprint

Research & Pipeline

Understand the risk and context

Initial acceptance decision

Price the risk

Terms and Conditions

Present the deal options

Negotiate

Workflow Orchestration

Internal & External Data Assets

Outlier Identification
Example: operational models and decision support

- Research & Pipeline
- Understand the risk and context
- Initial acceptance decision
- Broker connectivity
- Price the risk
- Terms and Conditions
- Present the deal options
- Negotiate
- Negotiation at portfolio level
- Workflow Orchestration
- Internal & External Data Assets

Renewal Optimisation
Example: operational models and decision support
Example: operational models and decision support
Unpicking the Technology

“It’s not done by everyone minding their own business”
Alice, Alice in Wonderland
Connected Specialisms

- UW Workbench
- Data Ingestion
- Broker API interfaces and Portals
- eTrading / Software house deployment
- Insurtech Distribution

Interface and integration layer

- Automated footprint
- Industrialised planning and reporting
- Broker dashboards
- Renewal segmentation
- New business triage
- Active portfolio management

Policy Admin System / Systems of Record

Decision Engine

Operational Data Storage

Core system of record
Data Extraction and Storage
Market Facing & Decision components
Pricing and Analytics Hub enabled solutions
Data and Systems Integration

Credit and other TP data

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A Vision for the Future

“That is impossible……only if you believe it is”
Alice and The Mad Hatter, Alice in Wonderland
“That is impossible….only if you believe it is”
“That is impossible….only if you believe it is”
Questions

“…which way ought I go from here?”
Alice, Alice in Wonderland