Peeling the Pricing Onion
Chloe Paillot and Mahima Agarwal
The wave of modernization lifting Personal Lines is primed to reach Commercial Lines. Insurers need to define their purpose and their path to advance core capabilities and grow strategic innovations that will lead the curve.
Technological disruption creates significant opportunities for organisations to re-evaluate existing processes, however, similar to an onion, there are many layers to consider before influencing decisions.
How much do you think you've explored the pricing onion?
At the **Core**, underwriting and how we operate is being disrupted and redefined... However **is technology the only driver?**
Gather **improved customer, risk, and market insights** in an accessible and user-friendly manner to enable a culture of **data-driven decision-making**.
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![Diagram](Diagram.png)
Gather **improved customer, risk, and market insights** in an accessible and user-friendly manner to enable a culture of **data-driven decision-making**.
Using **advanced modelling techniques** to enhance the end-to-end insurance process will **widen the traditional areas of an actuaries’ focus**.

**What can we do?**

- Identifying new or better rating factors
- Enhancing accuracy of rate calibration
- Improving quantification techniques
- Optimising conversion and retention rates
- Reducing expense bases
- Creating new insurance products

**Consistent decision making**

**Additional insight into insurance risks**

**Maximising underwriting and pricing capabilities**

**Individualisation**
Constant disruption in the insurance industry requires actuaries to cope with ever-changing demands to be pivotal in order to lead strategic decisions.
The use of fancy models and tools is attracting increased scrutiny by regulatory bodies. Furthermore, when making decisions, we also need to think about any unintended ethical implications.
How do you get management buy-in?

1. Is technology the only driver for change in the industry?
2. Accurate data before fancy models
3. How do we make use of machine learning and AI?
4. An actuary needs to be flexible and quick to adapt to changes.
5. How can we be conscious of ethical impacts?
Having explored the layers of the pricing onion, where do you now think you are?
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