Actuarial Transformation: Looking to the future
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Graham Robertson (Deloitte)
Alastair Maclachlan (XL Catlin)

21 October 2015

Topics

• Introductions
• What is Reserving Transformation?
• Experiences from a reserving transformation – Q&A
• Lessons Learned
Introductions

• Alex Panayi (Deloitte)
• Graham Robertson (Deloitte)
• Alastair Maclachlan (XL Catlin)

• Alastair and Graham are currently working together on a reserving transformation at XL Catlin.

• Why did you choose our workshop and what do you want to get out of today’s session?

What is Reserving Transformation?

• Materially changing the way reserving is done, across a number of lenses:

  People  Process  Technology
Why is Reserving Transformation happening?

What is Reserving Transformation?

- Materially changing the way reserving is done, across a number of lenses:
  - People
  - Process
  - Technology

- How might this look in the future?
How is Reserving Transformation done?

People – Reporting lines

**Decentralized**

The level of centralization is a scale and should be determined based on priorities.

**Centralized**

How is Reserving Transformation done?

People – Roles & Location

**High Level Reserving Process:**

1. Perform Reserving Data & Model preparation
2. Perform Reserving Analysis
3. Perform Reserve Reporting and MI
4. Reserve Governance
5. Take Business Action

**Transactional Activities**

- Control & standardisation
- Enable through technology
- Use appropriate skills and people for the job
- Minimise cost

**Actuarial Experience Based Activities**

- Make the best use of experience
- Enable through technology
- Locate to add most value
How is Reserving Transformation done?

**Process**

<table>
<thead>
<tr>
<th>Reserving Exercise</th>
<th>2014</th>
<th>2015</th>
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<tbody>
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<td>15M04 (Finance)</td>
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*Finance Roll-Forward Exercise*  
*Quarter Close Exercise*  
*Early Close Exercise*

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How is Reserving Transformation done?

**Data & Technology – Integrated Landscape**

<table>
<thead>
<tr>
<th>Data Capture</th>
<th>Intermediate Processing</th>
<th>Reporting &amp; MI</th>
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<tbody>
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<td>Financial Procedures</td>
<td>Underwriting &amp; Claims reporting</td>
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<td>Risk reporting</td>
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<td>Planning</td>
<td>Reporting Marts &amp; Cubes</td>
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<td>Central Warehouse</td>
<td>Reporting &amp; MI</td>
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How is Reserving Transformation done?

*Data & Technology – Reserving detail*

<table>
<thead>
<tr>
<th>Data Sourcing</th>
<th>Data Storage</th>
<th>Models</th>
<th>Engines</th>
<th>Reporting &amp; MI</th>
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<tbody>
<tr>
<td>Central Warehouse</td>
<td>Data &amp; Triangles</td>
<td>Margin allocation</td>
<td>Roll-forward</td>
<td>Reserve committee pack</td>
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<td>Results &amp; assumptions</td>
<td>Solvency II</td>
<td>AvE</td>
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<td>Margin allocation</td>
<td>Triangles reporting</td>
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Lessons Learned

- Embrace change
- Be clear about requirements
- Be pragmatic about design
- It takes a lot of different skills to make transformation work
- Communicating to the wider organisation is important
- Use experience to pre-empt problems
Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.