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A Revolution in Reserving Data

Martin Noble

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... enhancing quality of work and quality of communication

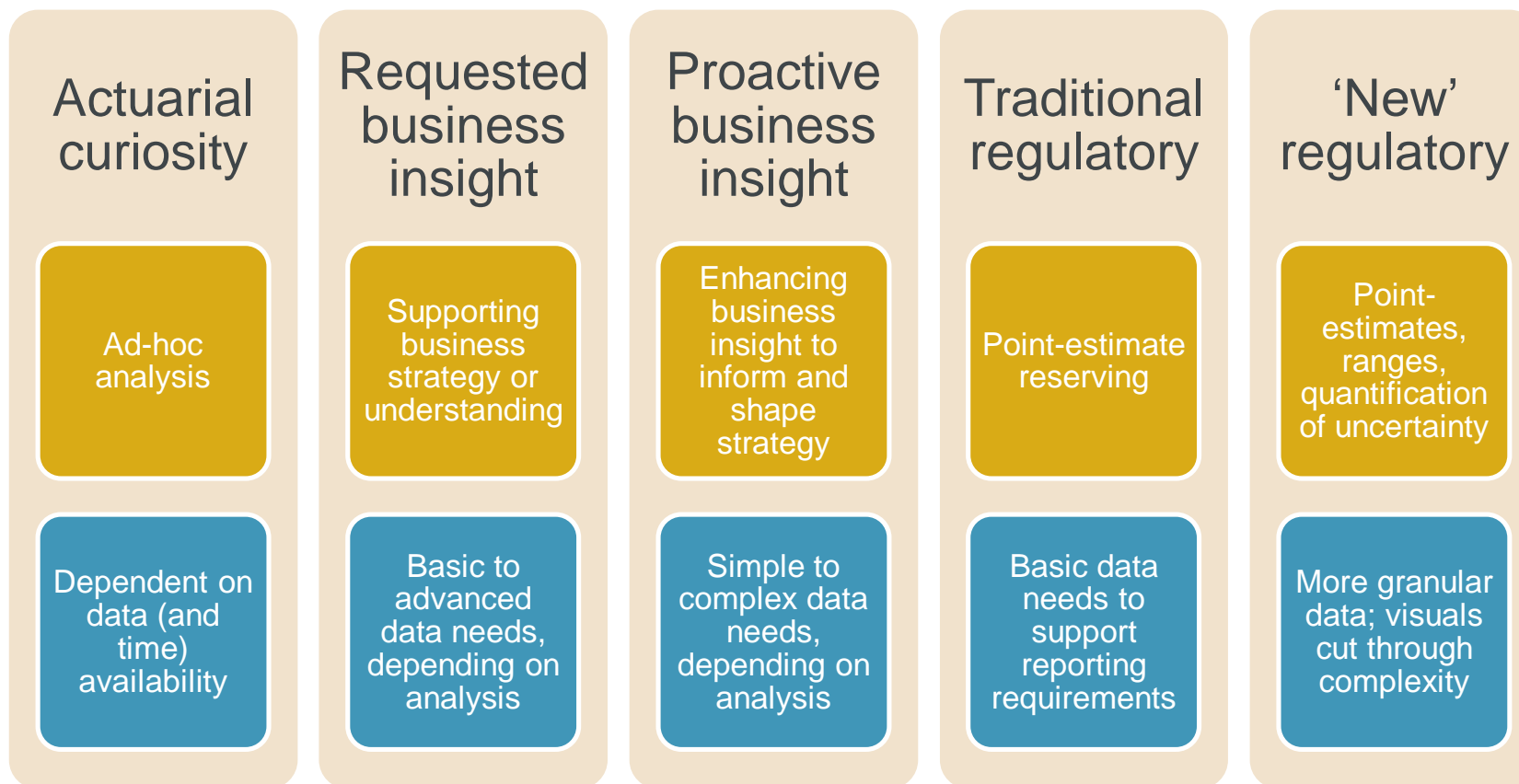
24 May 2016

Agenda

- Where are we now? – the ever growing demands of a Reserving Actuary
- The data is out there – how can we better utilise it?
- If the data isn't out there – what are your options?
- How to capture your audience
- Better visuals can enhance regulatory reporting as much as the latest trend
- Managing Company Management



Growing demands of Reserving Actuaries



The data is out there!

- What data do you have at your disposal?
 - Reserving, Pricing, Capital Management, Underwriting, Claims, external market, ...
- Claims data – how deep can you go?
 - Direct access to claim data incl. text descriptors
 - Word cloud! – you might be surprised what you find
- Policy / underwriting data
 - Trends in policy limits, coverage, average premiums
- Reserving data
 - Historical changes in ultimate loss estimates by LOB



Improving insight needn't be complex or time consuming

- Example: 'Reserving Dashboard'
 - Monthly reserving update, including 'sensitivities' to the Business Plan, key loss trends and other salient information
 - Portfolio / premium mix; Actual vs. Business Plan
 - Emerging loss ratios – which lines are performing well, which are not
 - Large loss experience; Actual vs. Business Plan
 - Historical changes in ultimate loss estimates – trends and features
 - An opportunity to communicate directly with Exec members
- Don't forget – a little insight can go a long way with your stakeholders – they may not have seen even the simplest of output



What if the data isn't out there?

- It is often a good idea to build a set of data requirements from scratch, free from current business or time constraints
- How good is the quality of your data?
 - Just about enough to perform reserve reviews? Or...
 - Full suite of data, enabling full analysis, full flexibility and little additional processing time?
- What data improvement options are available to you?
 - You are a Reserving Actuary and your voice matters
 - Is the quality of data on the agenda with your CEO, CFO, CUO, CCO?
 - You may need to prove yourself first... gain influence!



How to capture your audience (1)

- How can you present trends, effects or scenarios in a more effective way?
 - If pictures say a thousand words, well thought-through visuals can say a million
 - Stop and think: what is the specific piece of information I am trying to convey, and what means would be best to achieve it?
- Some very powerful tools now exist that can revolutionise the way Reserving Actuaries work and communicate
 - Work: automatically visualise development factor selections, range parameters, AvE, diagnostics, claim operational statistics
 - Communicate: dashboards, diagnostics, reports
 - But don't forget the telephone!



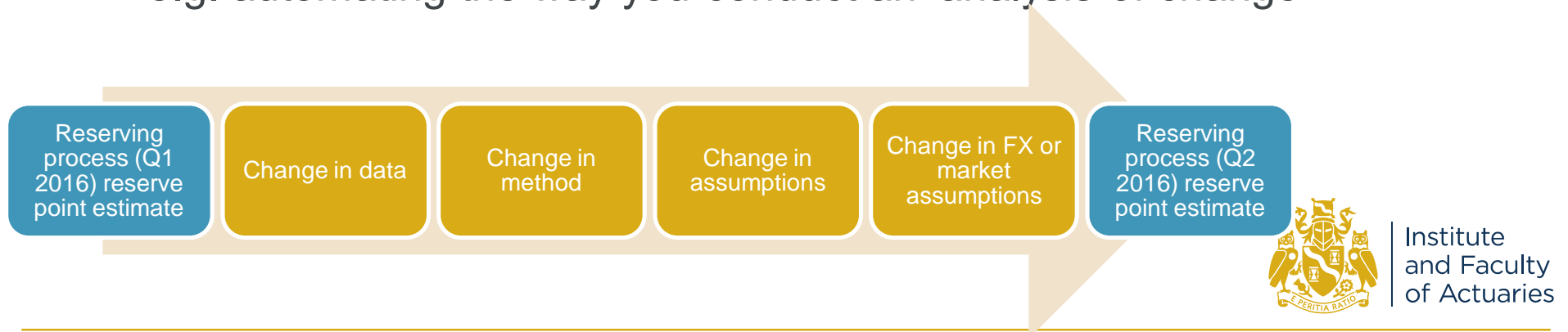
How to capture your audience (2)

- The power of data is not only about fancy graphs and visuals...
 - You need to create the right moment to capture the attention of your audience, be it a CEO, CFO, Regulator, the team
 - Before you start, think through who you are presenting to, and how, where and when you will be presenting – what are the best ways to get your messages across?
 - Don't provide too much information when a simple statement or graph will suffice
 - Know your audience – sometimes simple tables work just as effectively as colourful graphs and new visuals
 - On the flip side, go wild and show them what you've got!



Better visuals can enhance regulatory reporting as much as the latest trend

- Growing demands create opportunities for ‘visualisation efficiencies’
 - RBC 2, IFRS 4.2, Solvency II – increasingly complex regulatory regimes are departing further from traditional reserving point-estimates
 - Gaining Senior Management understanding is key
 - e.g. using waterfall graphs to bridge between reserving bases
 - e.g. automating the way you conduct an ‘analysis of change’



Managing Company Management

- Use data and visuals to help manage pressure
 - Data points are your friend
 - Facts are stronger than hypothesis
 - Be specific, targeted and tackle the issue at hand
- Some other tips
 - Get to know your Management
 - Understand the wider business context in which Management operate
 - Operate a ‘no surprises’ policy
 - Get to know your Management (more)



Questions

Comments

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