

Pricing in an Increasingly Connected and Automated World

Graham Wright and Richard Clarkson

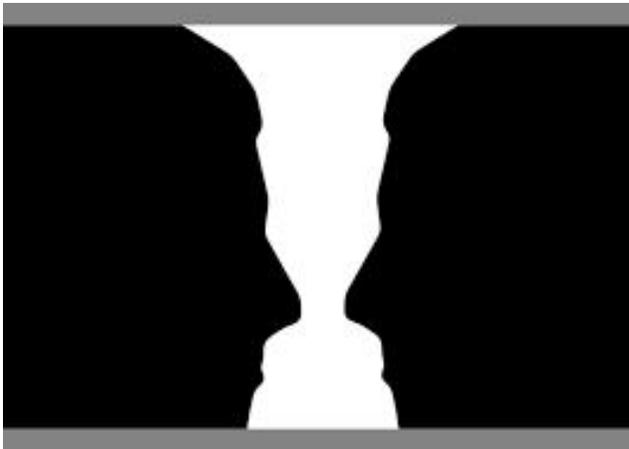
27 June 2019



Today's talk is a talk of two “halves”

- “Pricing in an Increasingly Connected and Automated World”
 - Part 1 will look at (broadly)
 - Automated pricing methodologies, techniques and applications
 - The industrialisation of data enrichment
 - Part 2 will look at (broadly)
 - Automated underwriting judgement and empirical decision support
 - The connected systems environment to support this new world

What do you see?

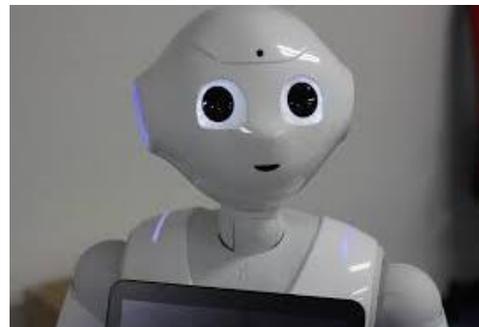


What is the first thing you see?



At any point in your life did you think this was modern technology?

(Some) insurance hot topics of the last two years



Today is about pricing in an increasingly automated world



The workforce of tomorrow



Traditional employees



Outsourcing



Free agents



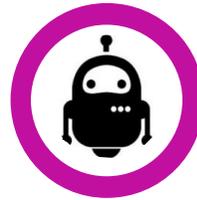
Alliances



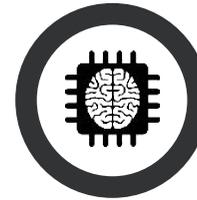
Automated processes



Volunteers



Robotics



Artificial Intelligence

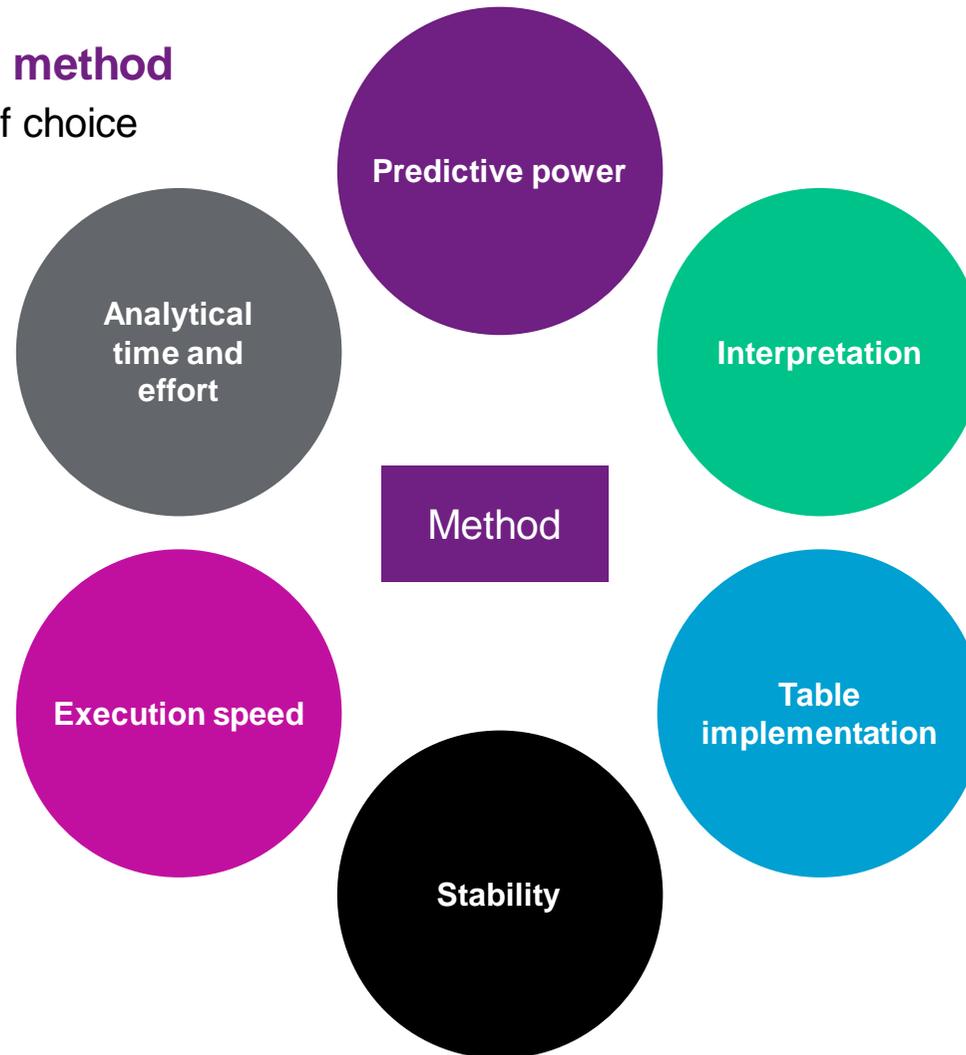
Machine learning today

- Machine learning made theoretical

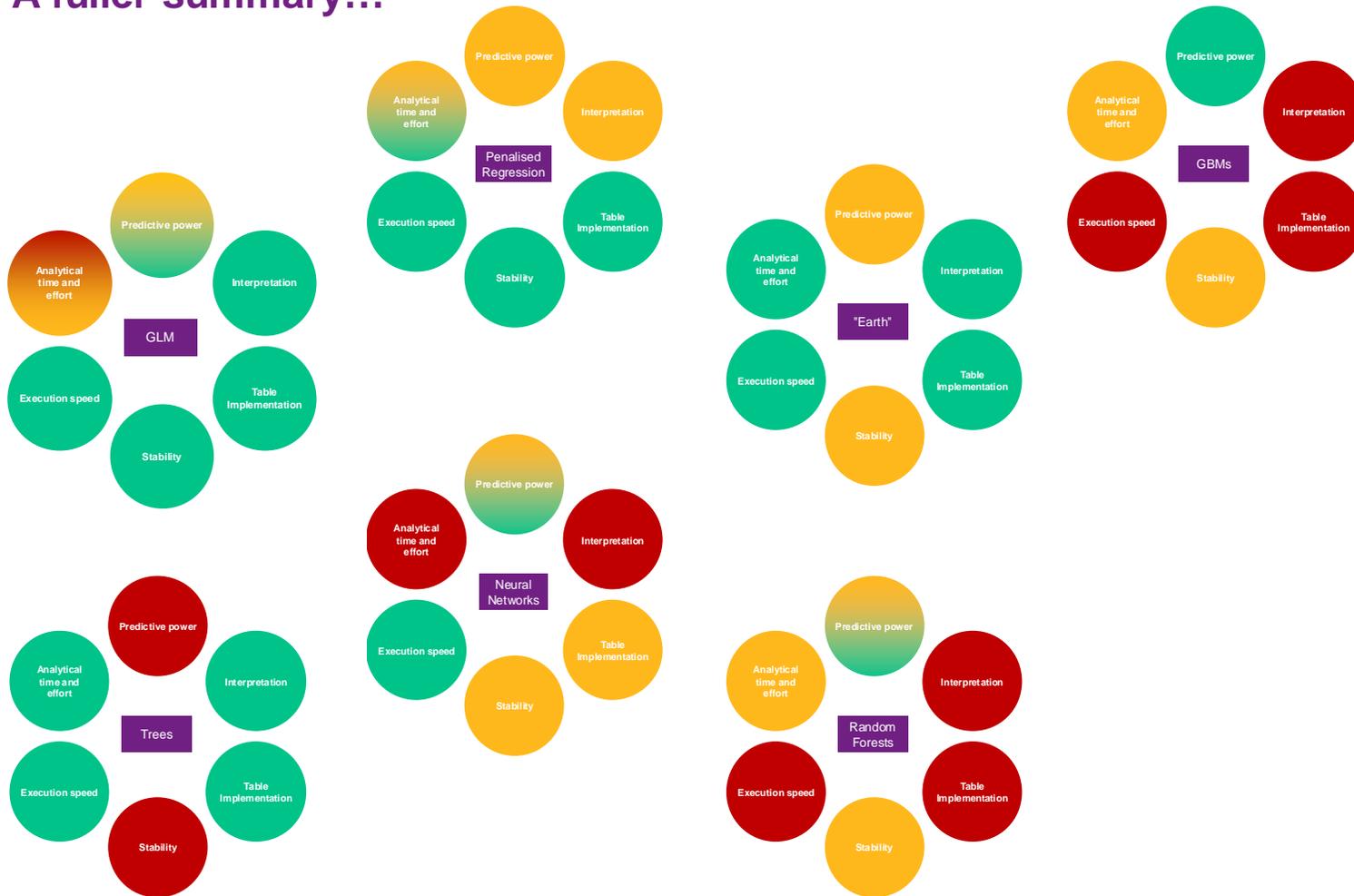


Choosing a method

Dimensions of choice



A fuller summary...



Machine learning today

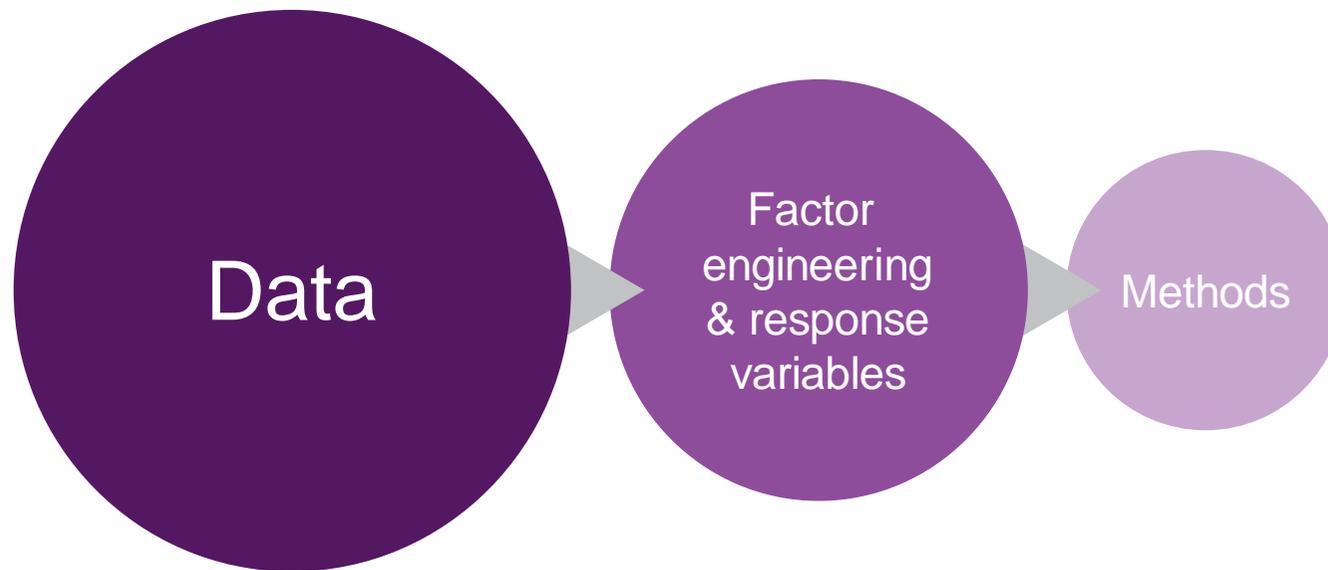
Machine learning made theoretical



Machine learning made real

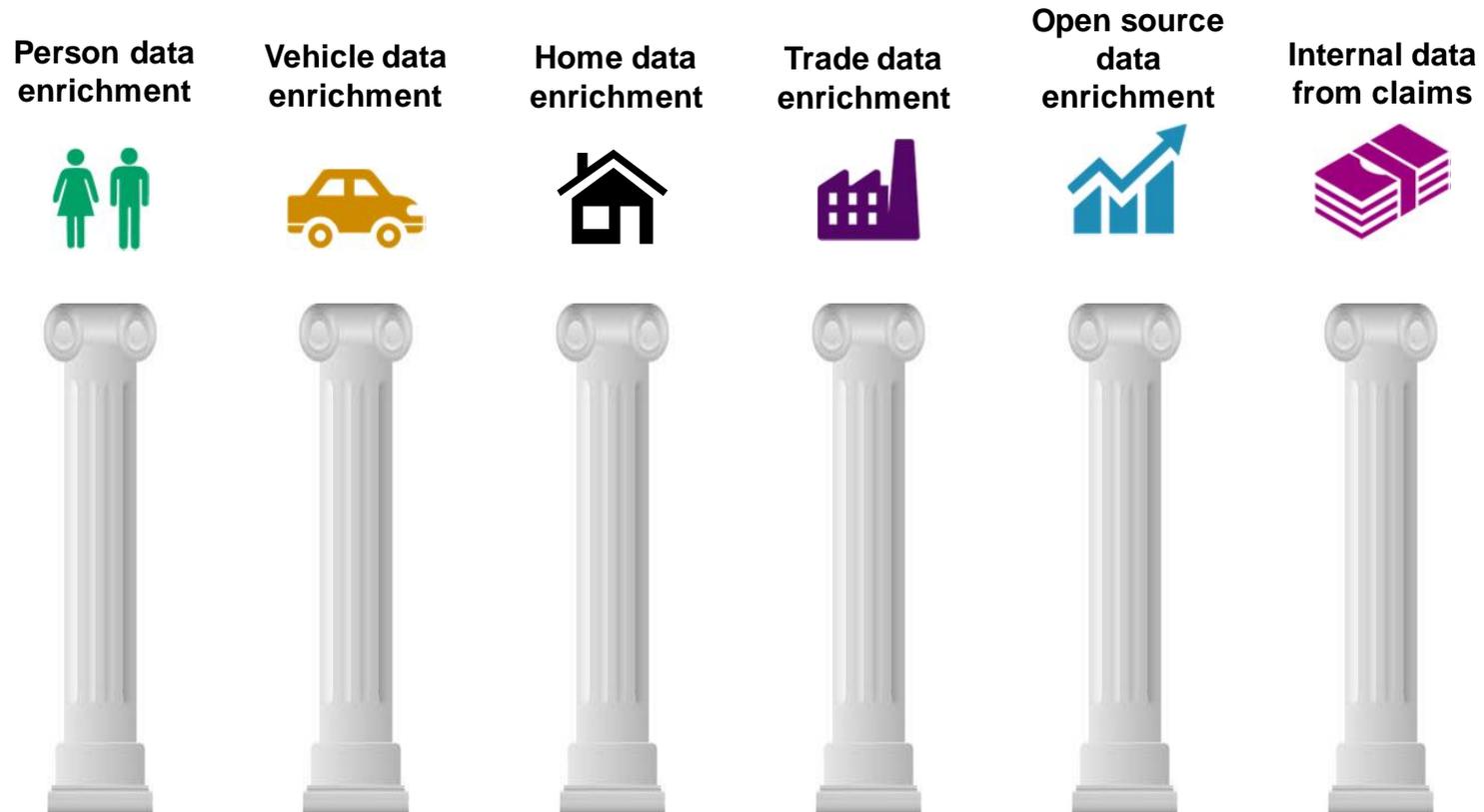


But what fuels all this?



What's new in data?

Pillars of enrichment



Trade data enrichment

Food hygiene ratings

Food hygiene ratings

- ▶ [Search all data](#)
- ▶ [Search a local authority area](#)
- ▶ [Find out more about ratings](#)
- ▶ [Frequently asked questions](#)

Eating out? Getting food in?

Find out if a restaurant, takeaway or food shop you want to visit has good food hygiene standards.

> [Find out more](#)



Search for food hygiene ratings

Cannot use your current location

Business name

Street, town or postcode

[More search options](#) Show results with map

Giggling Squid



Address:
65 High Street
Reigate
Surrey
RH2 9AE
Business type: Restaurant/Cafe/Canteen
Date of inspection: 06 June 2017

The rating for this business is made up of the following:

Area inspected by food safety officer	Standards found
Hygienic food handling Hygienic handling of food including preparation, cooking, re-heating, cooling and storage	Generally satisfactory
Cleanliness and condition of facilities and building Cleanliness and condition of facilities and building (including having appropriate layout, ventilation, hand washing facilities and pest control) to enable good food hygiene	Good
Management of food safety System or checks in place to ensure that food sold or served is safe to eat, evidence that staff know about food safety, and the food safety officer has confidence that standards will be maintained in future.	Generally satisfactory

So how do we get to the future?



Cultural change

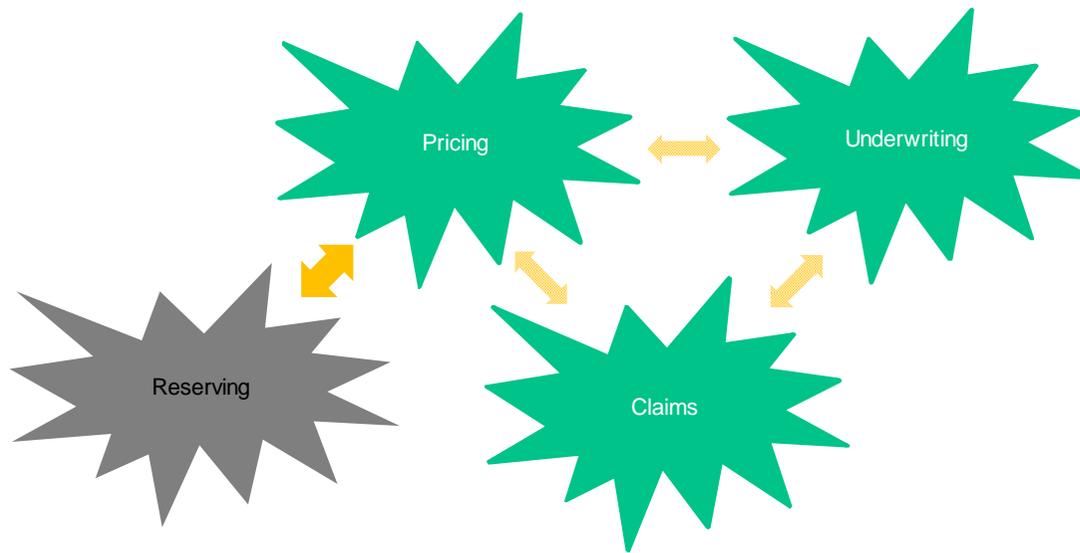


Technological change

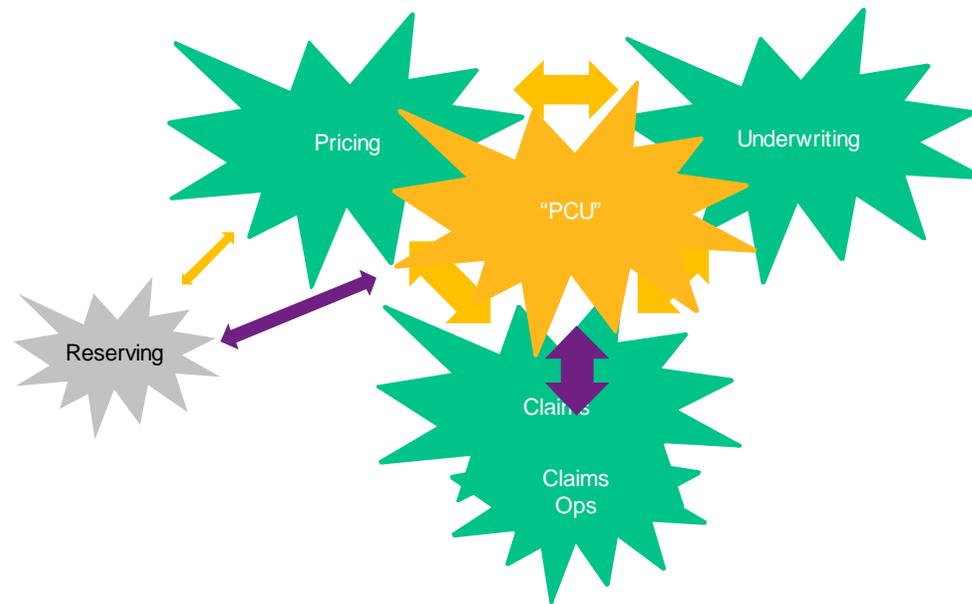


Structural change

Structural change



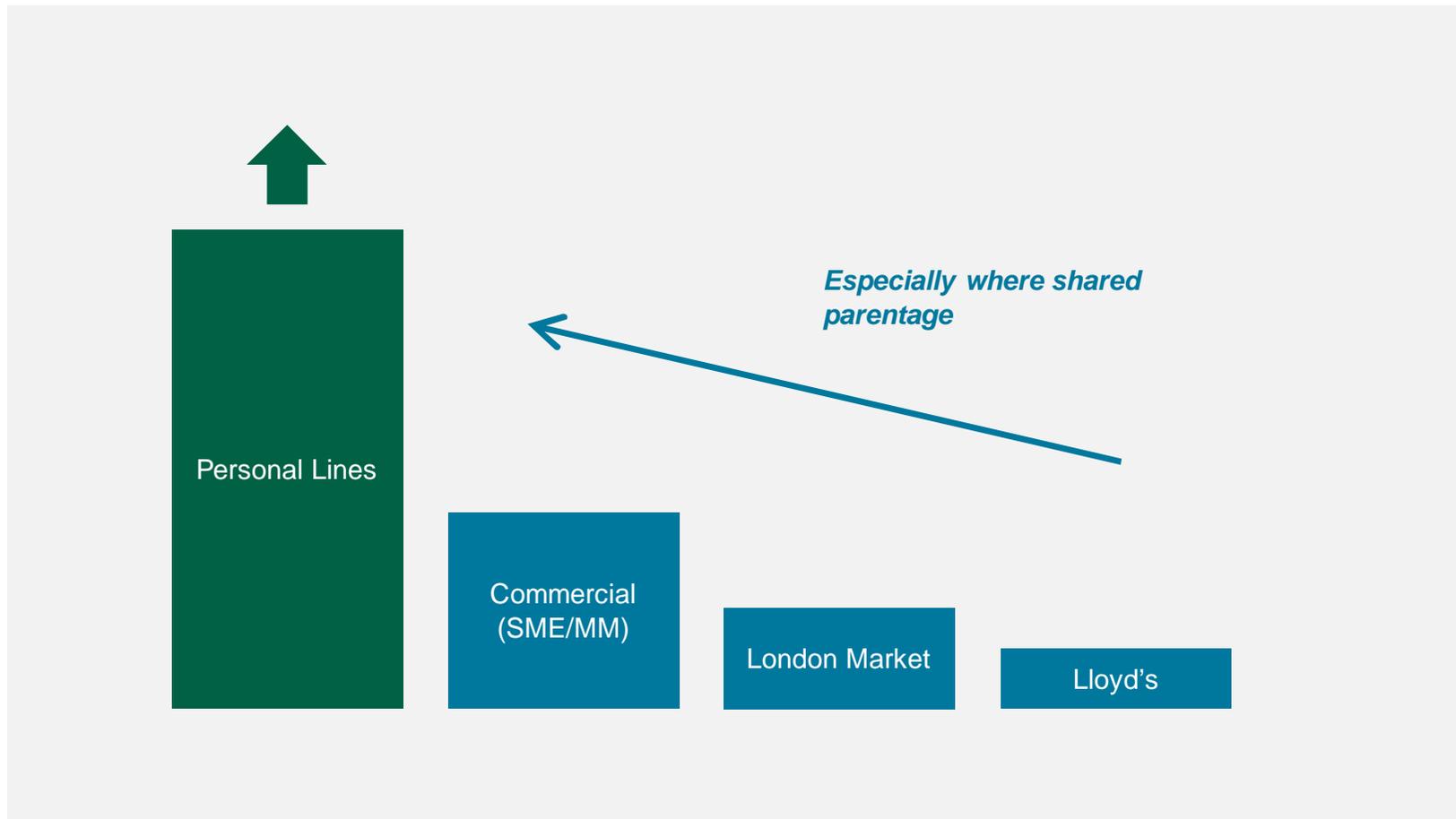
Structural change



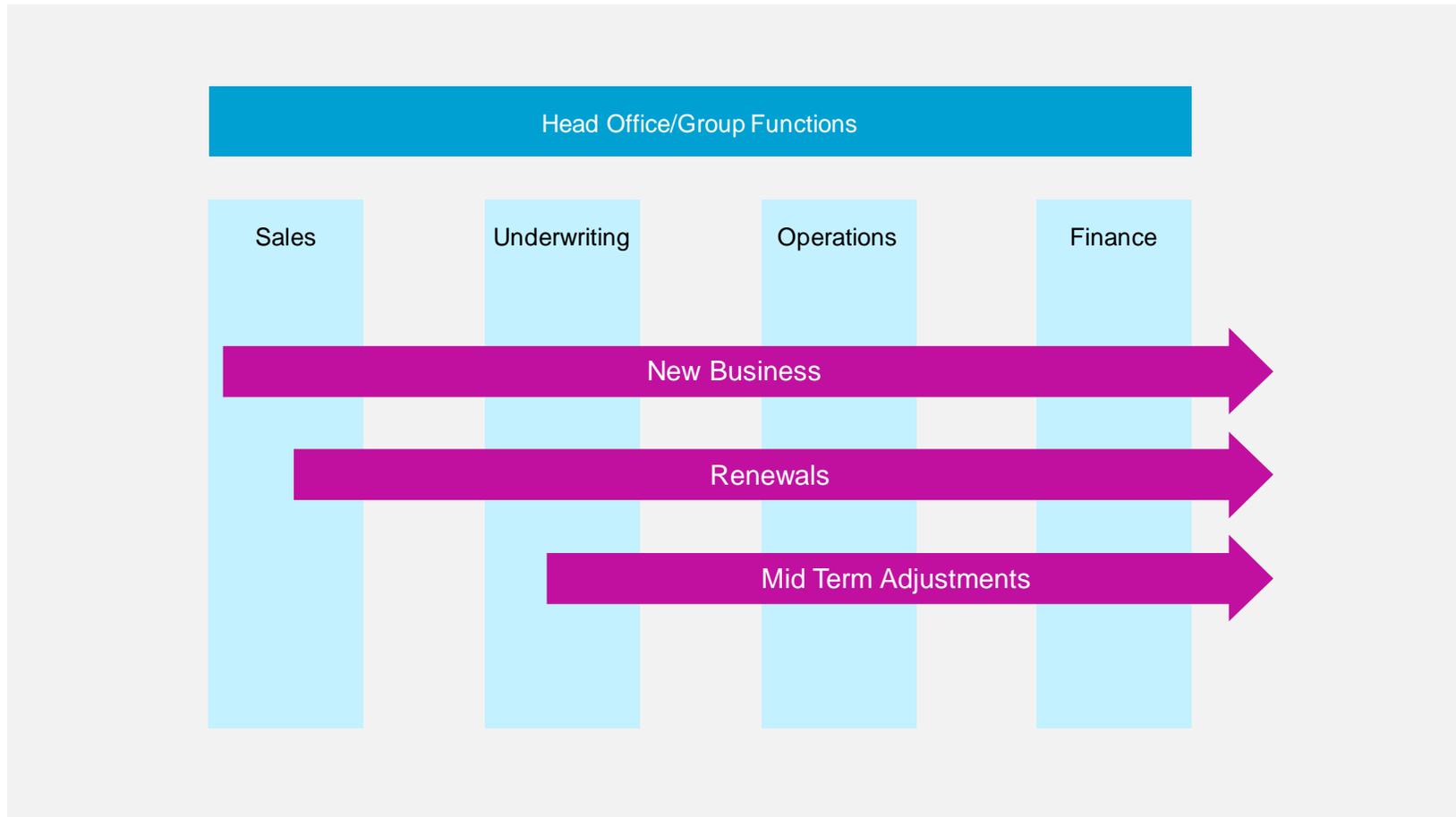
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Commercial has been lagging behind Personal Lines



We normally see insurance companies through this lens...



Focused on expert/judgement-led decision making

We have an inventory of over 500 decisions... and counting!

Should I quote?

How do I allocate expenses?

Who do I give it to?

Should I survey? Which locations?

How does this impact on reserving?

What is the right process?

How far do I load or discount?

What is my negotiation strategy?

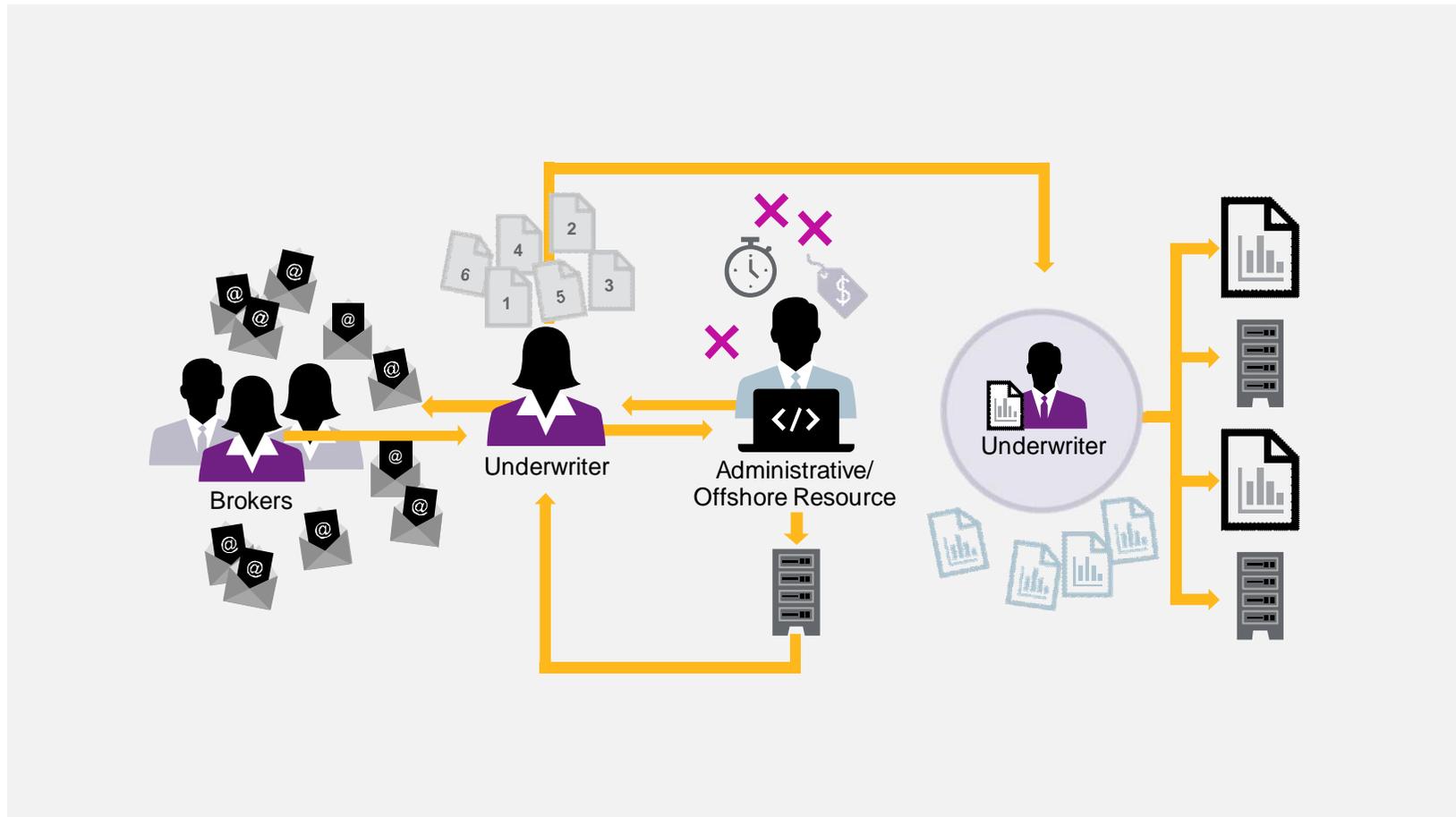
Have I applied the right endorsements?

What does this mean for capital?

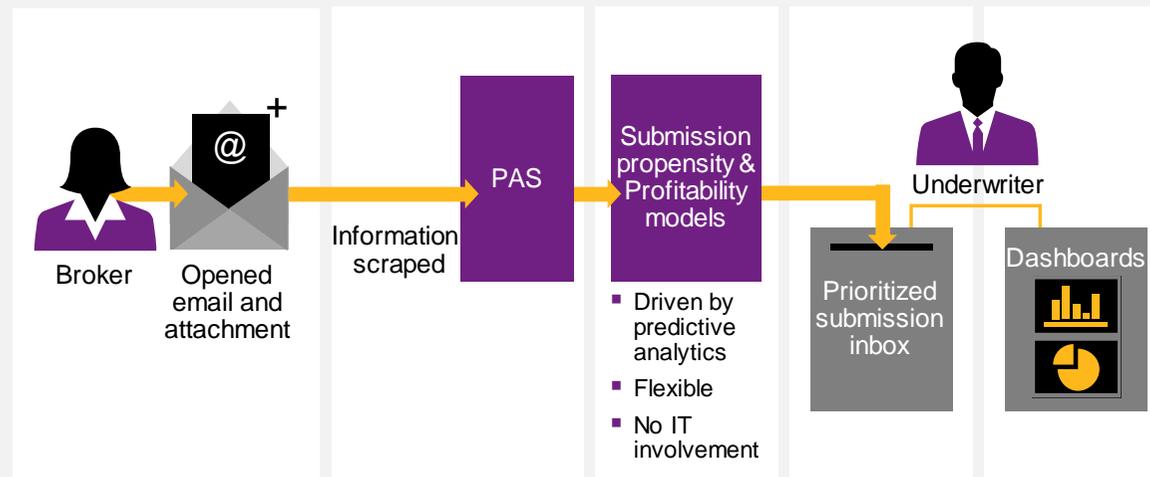
Mastery is required in 4 distinct dimensions



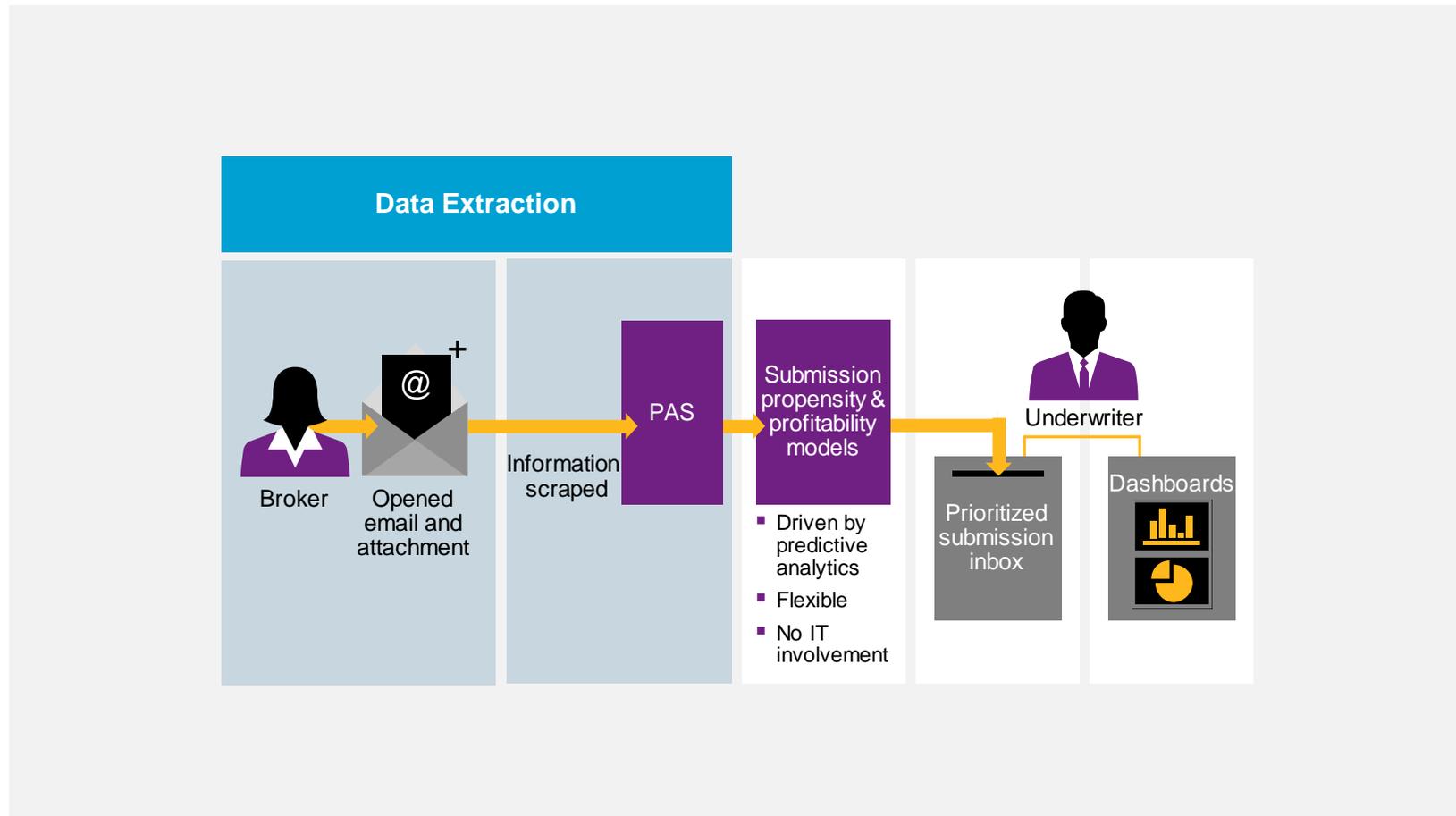
Current state Underwriting Process – New Business Submission



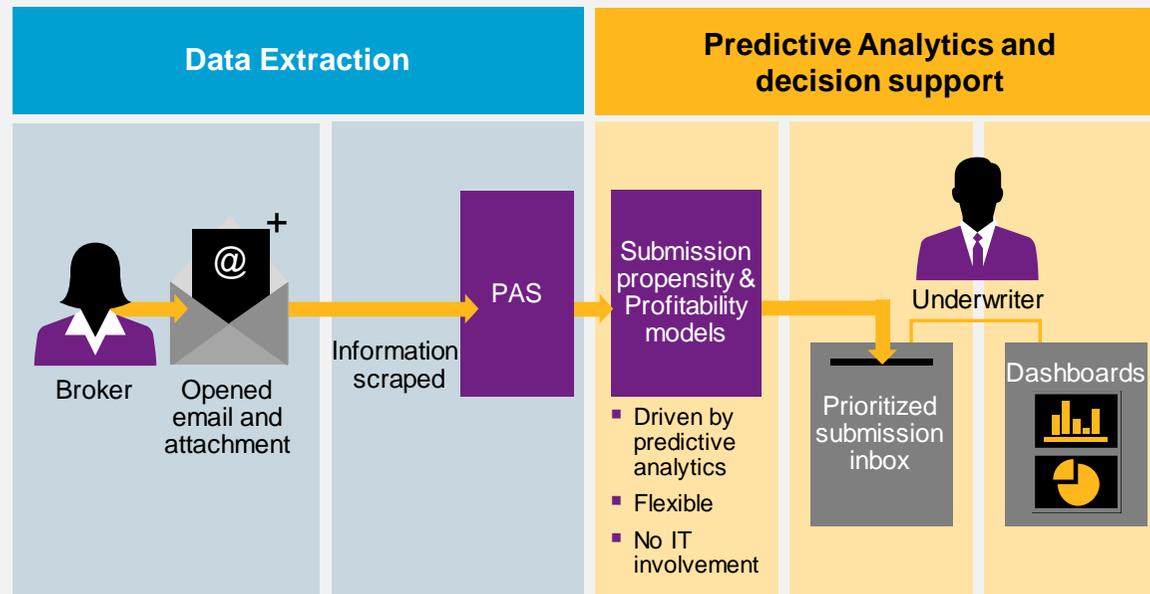
Future state



Future state

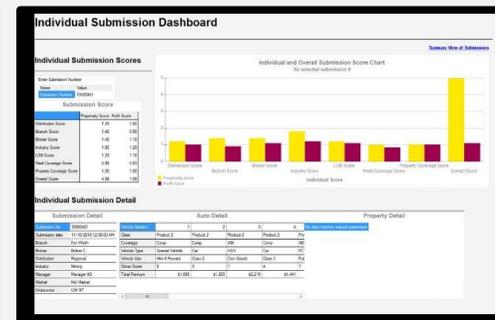
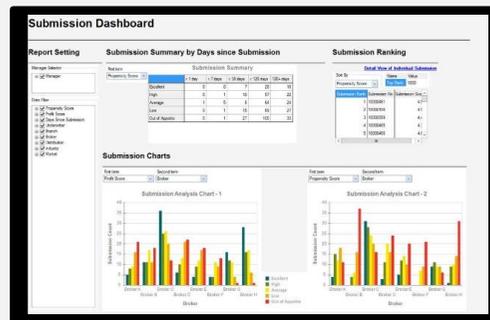
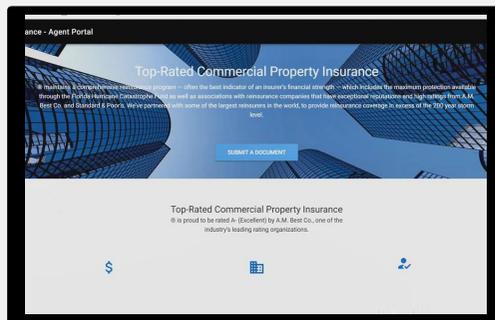


Future state



Automation, predictive analytics and empirical decision support

Effectiveness • Growth • Profit



WillisTowersWatson 