



INTERVIEW

Angie Edmunds Senior Actuarial Consultant



Can you describe your role as a senior Actuarial consultant at RNA in the non-life insurance industry?

“ I joined RNA after 8 years working within the Non-Life Insurance industry within a range of Actuarial roles relating to data, Capital Modelling and Reserving. My role within RNA encapsulates all parts of these roles with a focus specifically on the Non-Life Standard code and adapting its use to the requirements of specific clients.

What specific responsibilities do you have in your role, and how do they contribute to the overall success of the business?

“ My responsibilities within RNA revolve around the use and development of the Non-Life Standard Code with prior industry knowledge, more specifically in the area of Reserving, Solvency II and IFRS17. I add an extra layer of validation for new developments within the Non-Life Standard Code and offer a link in communication

between the Development and Consulting teams.

The main focus of my role revolves around clients and how they can use the Non-Life Standard Code as well as and preparation they need in order to start the process. The customer journey starts with data preparation and analysis of how their current process differs from our existing base, development of the Non-Life Standard Code itself to ensure that we are covering their current process and industry requirements are being met as well as future potential improvement and techniques for them to explore later and then finally any training to gain familiarity. I have also worked with the Development team to create the Non-Life Standard Code Prerequisite Course and Foundation Course, the latter of which I give to these clients, whether that is in Spanish or English. I am also preparing to support the rest of the wider RNA team with training in the future relating to the Standard Code.

How can Non-life standard code address their specific needs of customers and what are the benefits?

“The Non-Life Standard Code offers all steps that clients will traditionally use within the projection of their claims but within one simple solution. Non-Life insurance reserves are typically calculated with run off triangles meaning every client should have the data in the correct triangle format ready to input into the model so all they need to focus on are the outputs.

The model has many benefits, with the first being the option to automatically turn on or off data analysis relating to outliers and trends within the data. This means that before any projections are carried out the client has both an insight into what their business looks like and the option to remove any anomalies which could impact results.

In my opinion, the main benefit of the Non-Life Standard Code is the wide range of fully tested methodologies inbuilt to project the total cost of claims, both deterministic and stochastic modelling. These can be cumbersome to do in spreadsheet-based programmes and depending on the requirements may not even be possible due to the high number of simulations or model runs required to gain credible outputs. These should not only already cover any specific needs of the customer but offer much more possibilities in order to choose the best fit for their company, if for any reason adjustments need to be made we can adapt the model to the client specific needs. We also have the option to apply individual methodologies to specific Origin Periods, review and create statistical distributions and create cashflows needed for reporting processes such as SII and IFRS17.

The client has full control over any assumptions used in the process and only has to run the model and link an output to view everything this model offers, overall, a very small process time is required and very little technical knowledge. Plus, this process will repeat itself for future model runs, only an update in the data itself is needed.

How do you analyse and assess the risks involved in non-life insurance policies, and what factors do you consider while doing so?

“Analysing the risks involved in non-life insurance policies typically revolves around industry knowledge and benchmarks of the product as well as analysis of historical data in order to gain a better understanding of how these claims are developing, this would also include a review of any data anomalies and reviewing internally the reason behind this volatility within the data. Another technique would be using Actual verse Expected analysis where claims projections are reviewed, and the effectiveness of your actuarial assumptions are highlighted as well as emerging volatility.

An additional insight into the volatility within your data would include reviewing your claims distribution and reviewing metrics such as the Standard Deviation of your claims, this is an optional feature within the Non-Life Standard Code and can be ran automatically alongside deterministic modelling. Industry knowledge and a good starting point would also include line of business benchmarks such as Solvency II within the European Union which has already calibrated standard deviations to apply to reserve and premium volumes based upon a wide range of company data.

What tools or methodologies do you utilize in your actuarial calculations and projections?

“The methodology used within actuarial calculations and projections is dependent on the type of business and how these claims develop. A lot of companies will default to the Basic Chain Ladder when in fact there may be a methodology more appropriate to use with their data, for example short or long tail claims however an understanding of how to run these calculations is required and often required statistical knowledge. Spreadsheets are always a good place to start but companies should aim to move towards more efficient processes and explore additional methodologies, plus these methodologies must be built from scratch and run the possibility of human error when creating or updating calculations.

In your experience, what are some of the key challenges faced by non-life insurers in the UK and Spain (or other specific countries) and how do you think the RNA solutions helps with this?

“An ongoing challenge faced by non-life insurers is around data management and the security of this data. Companies must develop flawless expertise controlling their data as well as who has access and protect policy holders at all cost. All R³S Modeler software has inbuilt auditing functions and for each component the ability to review who has made changes. Additionally, licenses are provided to the client meaning they are aware of who exactly is accessing and running these models and who has access to policy holder data.

Another issue insurers are seeing is a delay in the settlement of claims, potentially due to the hangover of how COVID has

impacted the industry. The RNA R³S Modeler Non-Life Standard Code has the option to automatically run data analysis meaning any change in trend of how your claims are developing can be picked up quickly and an action plan put in place. The quick turnaround from data to outputs means these models can be run as often as the client would like.

How do you stay updated on the latest market trends and regulatory changes in the non-life insurance industry?

“Conferences, webcasts and research workshops run by regulatory bodies as well as market leaders offer a good insight into the insurance industry and any market trends they are seeing impact their results. Generally, any financial services organisation which has an interaction with insurers, for example credit rating providers or Reinsurers will offer their own public insights into how the sector is progressing.

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Where do you see the non-life insurance market heading in the UK and Spain (or other European countries) in the next few years, and what key factors do you think will shape its growth?

“ The Non-Life sector are still experiencing some difficult market conditions with the current financial climate and high inflation and market volatility however despite this Balance Sheets have remaining strong. The profitability of non-life products will be shaped by these factors as well as any introduced regulation such as the recent Pricing Reforms in the UK as claim frequency increases to pre COVID levels.

A rising factor which will have a big impact on Non-Life insurers over the next few years is the impact of environmental, social, and corporate governance practices (ESG), how companies will address these challenges and also what regulatory impacts as a result of this. Climate related natural disasters will also directly impact Reinsurers as these events become more frequent which will then impact the insurers themselves.

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Are there any emerging technologies or approaches that you believe will significantly impact the non-life insurance industry in the coming years? (eg. AI & Big Data)

“ The use of big data is a key emerging technology within the Non-Life insurance industry, it is important that companies switch to solutions which enable them to not only deal with this data but also efficiently in order to minimise costs. Insurers have access to a huge amount of data and want to analyse this data in a way to benefit how they run their companies. Due to the size and granularity of this data as well as methods used in analysis it is key for insurers to find software that not only caters to this type of data but also to their requirements. The RNA R³S Modeler Non-Life Standard Code has been set up to analyse claims data as granular as the client requires with the option to run this analysis however often the client requires.

Artificial Intelligence is also an emerging technology with us seeing the rise of software such as Chat GPT. Companies are already implementing AI with respect to repetitive and operational work, customer facing chat bots to answer questions relating to new and existing policies as well as how those policies are then underwritten, this is a relatively new technology so surely these uses are only the start.