

Life insurance pricing

The next frontier of innovation



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Your hosts



Colin Cummings

Partner at PwC UK



Shelley Cox

Chief Customer Officer
at Montoux



Ewen Tweedie

Manager at PwC UK



Stephen Carlin

Director of Customer
Success at Montoux

Conversation outline

- Welcome and house keeping - Shelley - 3 mins
- Self introductions - All (Shelley to invite Colin, Ewen, Stephen) - 4 mins
- Overview of webinar - Shelley - 3 mins
- Key data, insurtech and technology trends shaping life insurance transformation - Colin (Shelley to pose starter question, Stephen to ask follow up question) - 10 mins
- How these trends are continuing to shape life insurance product and pricing? - Ewen (Shelley to link and pose question) - 10 mins
- Emerging complexities and challenges - Stephen - 10 mins
- What might the pricing function of the future look like? - Shelley - 3 mins
- Polling questions
- Questions and discussion - 15 mins

Webinar guidance

- Questions will be taken via the “Q&A” function at the bottom of your screen. Questions will be gathered throughout the webinar and we will answer as many as time allows. Attendees are able to up-vote questions.
- We are recording the session so we can provide it to you all for review.
- There will be live polling with answers provided throughout.

Agenda

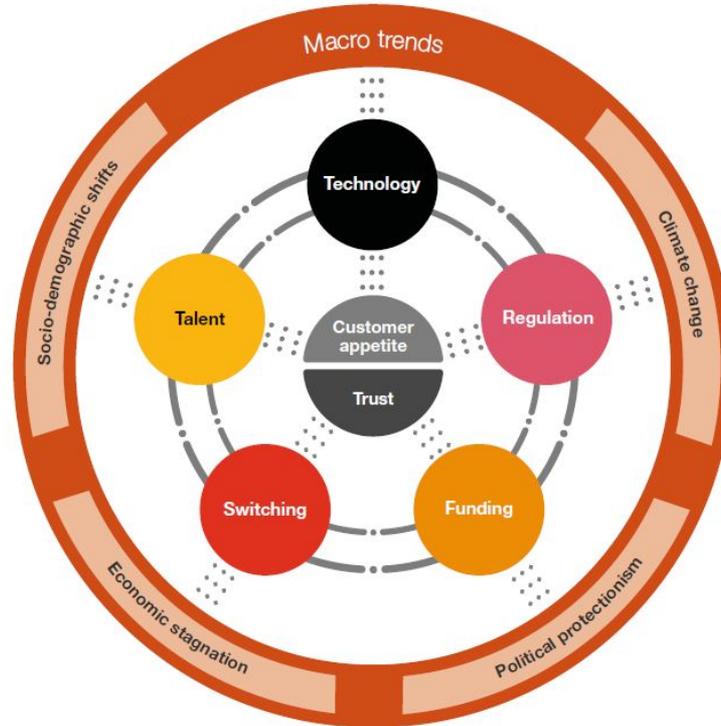
1. Factors driving disruption in the life insurance industry
2. How these trends are continuing to influence product design and pricing
3. Emerging complexities and challenges to contemplate
4. What will differentiate the leaders from the pack in the next frontier of pricing?
5. Survey results
6. Questions and discussion

Factors driving disruption in the life insurance industry

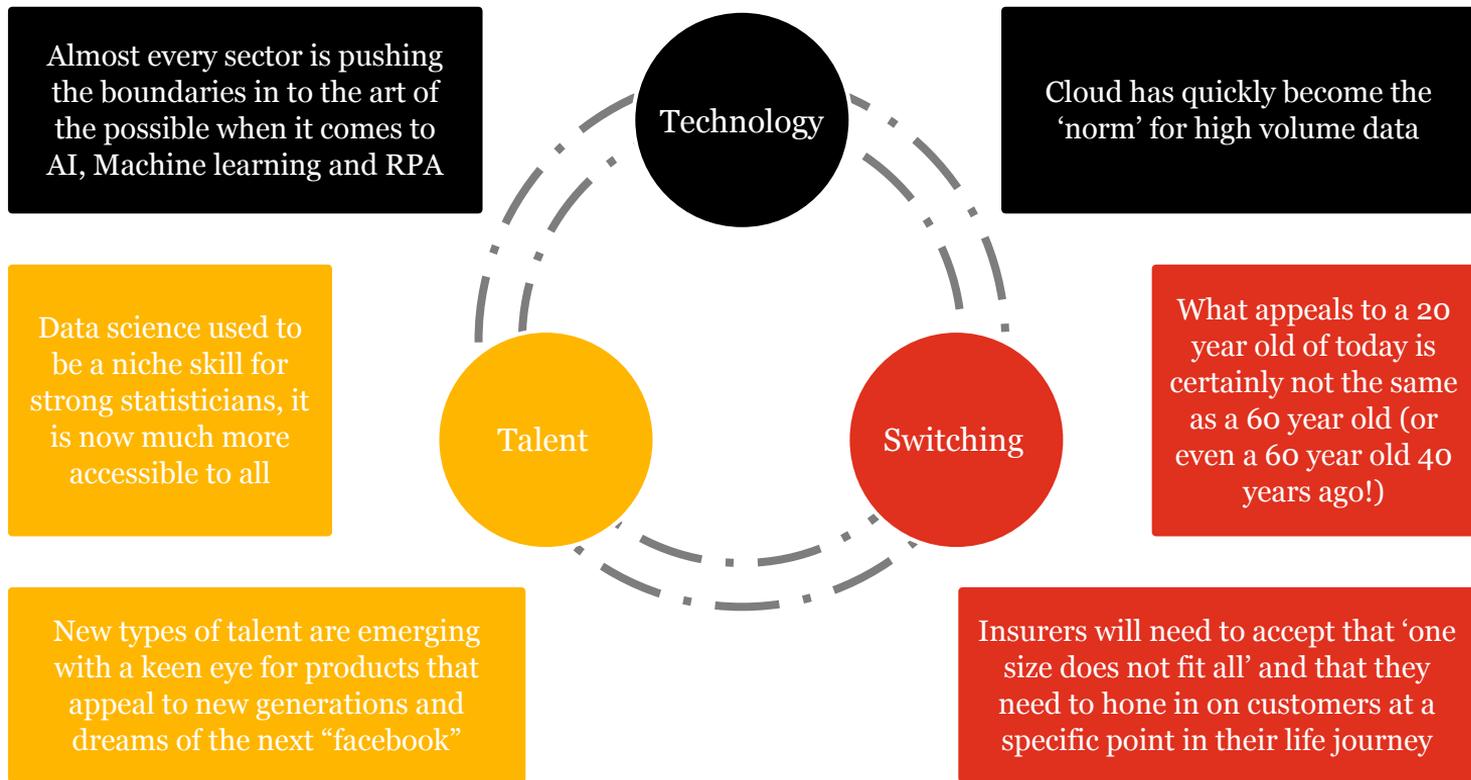


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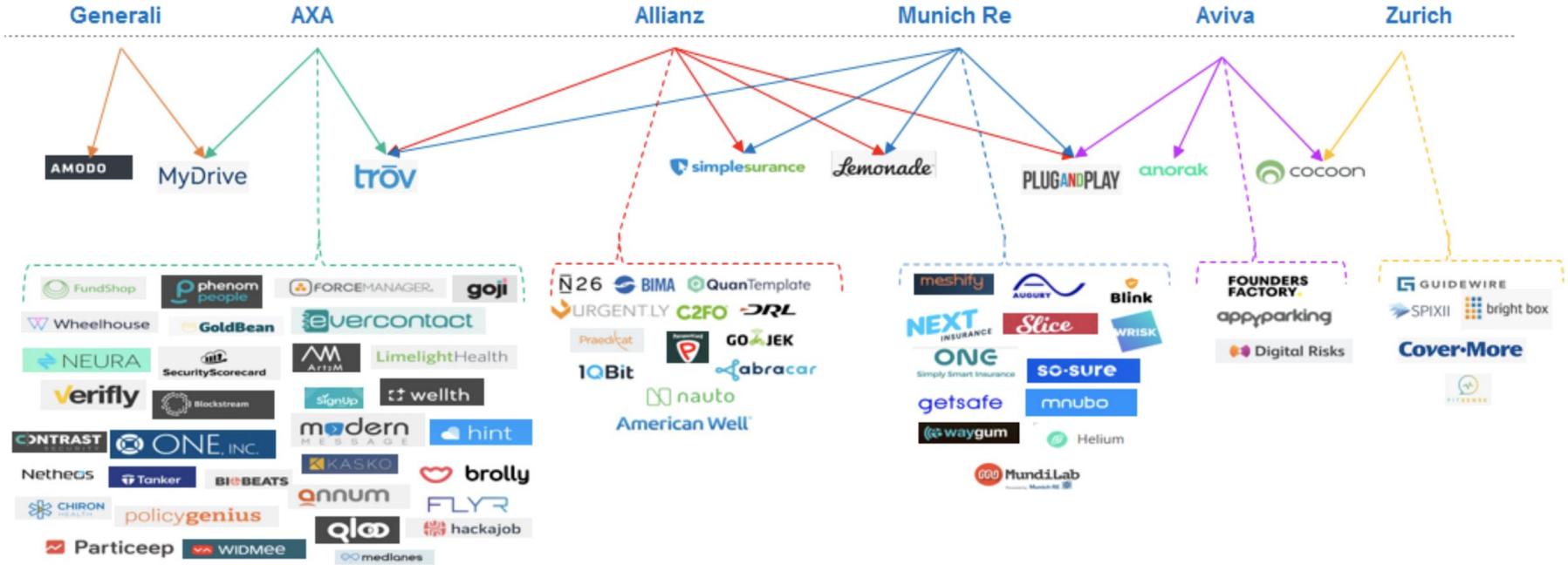
Disruption occurs when customer appetite meets the right enablers, often catalysed by macro trends



Disruption Potential: Key Enablers



A growing collaboration between incumbents and InsureTechs



How these trends are continuing to influence product design and pricing?

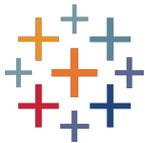


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Trends in Product Design



Technologies influencing pricing actuaries



Cloud solutions

Cloud selection should be dictated at an organisation wide level.

There are a number of different providers and each often has its own analytics engine to broaden out their services they can offer.

Visualisation solutions

The 3 main visualisation providers are Power BI, Tableau and Qlik.

Each has their merits, however Power BI is popular given that it is free and it is linked to Microsoft.

Coding solutions

SAS provide end to end solutions for clients.

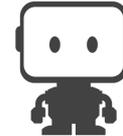
DataRobot and Tyche can both be used in actuarial work.

Python and R are open source tools used for a variety of purposes.

Robotic Process Automation (RPA)

RPA can be used to reduce time intensive tasks that cannot be codified and to enhance business processes.

Blue Prism and UiPath are examples of RPA providers in the market.



Emerging complexities and challenges



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Understanding what drives repricing decisions?



Understanding competitors and customers

Incorporating competitor positioning data can provide key insights into positioning in segments of interest.

Challenges include:

- Market is dynamic
- OFT 1301
- Market/channel fragmentation
- Data integrations

Understanding customers reactions to price for sales or lapses is a significant jump in capability.

Challenges include:

- Accessing required data
- Segmenting and grouping data
- Removing non-price impacts
- Consistent implementation with pricing & optimisation models

Pricing Enablers



Pricing Techniques

Optimisation can be a powerful technique that helps automate elements of pricing while incorporating business strategy:

- Optimisation is a powerful tool for exploring alternative strategies and understanding the impact of constraints
- It can be complex, but there is value in simplicity for everyday use
- The modelling of liabilities is a key requirement - proxy models are a powerful tool

What will differentiate the leaders from the pack in the next frontier of pricing?



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Superior intelligence
that delivers deeper
insights, faster



Granular pricing that
is **responsive** to
customer behaviour



Speed of insight
to execution



Diverse, multi-skilled
teams and effective
collaboration



Powered by **scalable**,
efficient technology

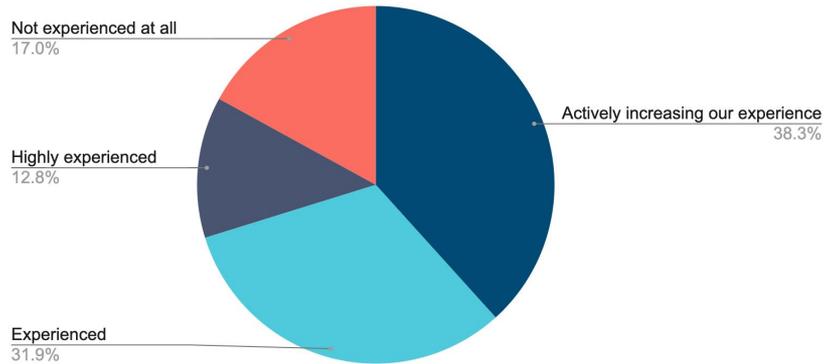
Survey results



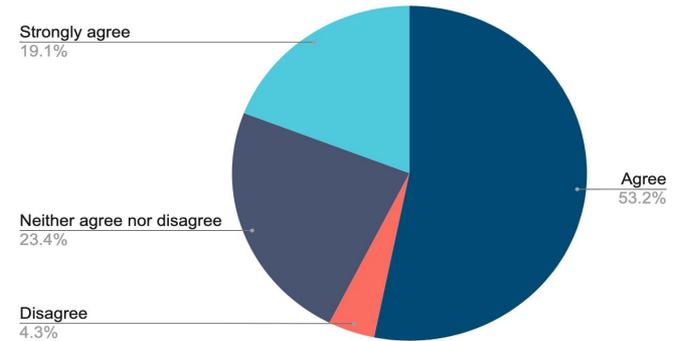
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Survey results

How experienced would you consider your company's use of 3rd party data and analytics?

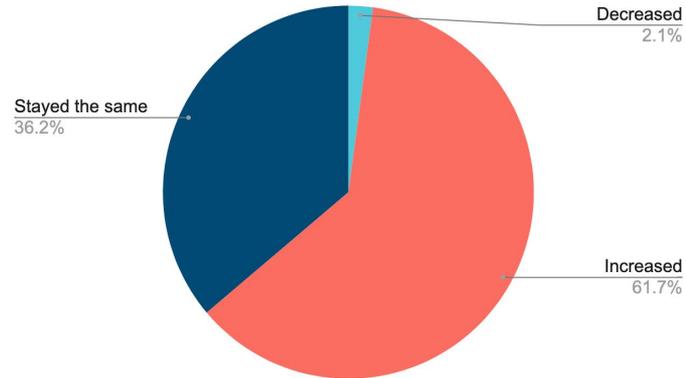


To what extent do you believe increased 3rd party data sources could unlock additional additional value for your company?



Survey results

Over the past 6 months, have your investments in digital initiatives:

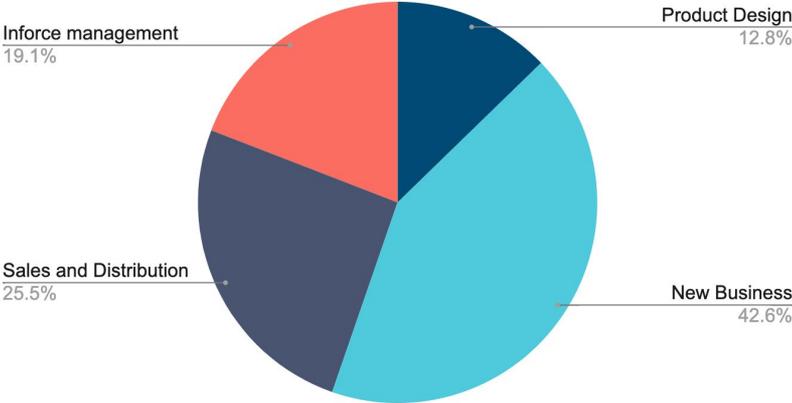


If so, in which part of your business?

Customer facing technology	22%
Data analytics and data acquisition for pricing and product design purposes	23%
Major technology upgrades e.g Policy Administration Systems, Actuarial valuation systems etc	23%
Other	21%
Supporting/better engaging advisor channels	12%

Survey results

Which area is of greatest focus for the coming 12 months?



Poll questions



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Questions and discussion



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