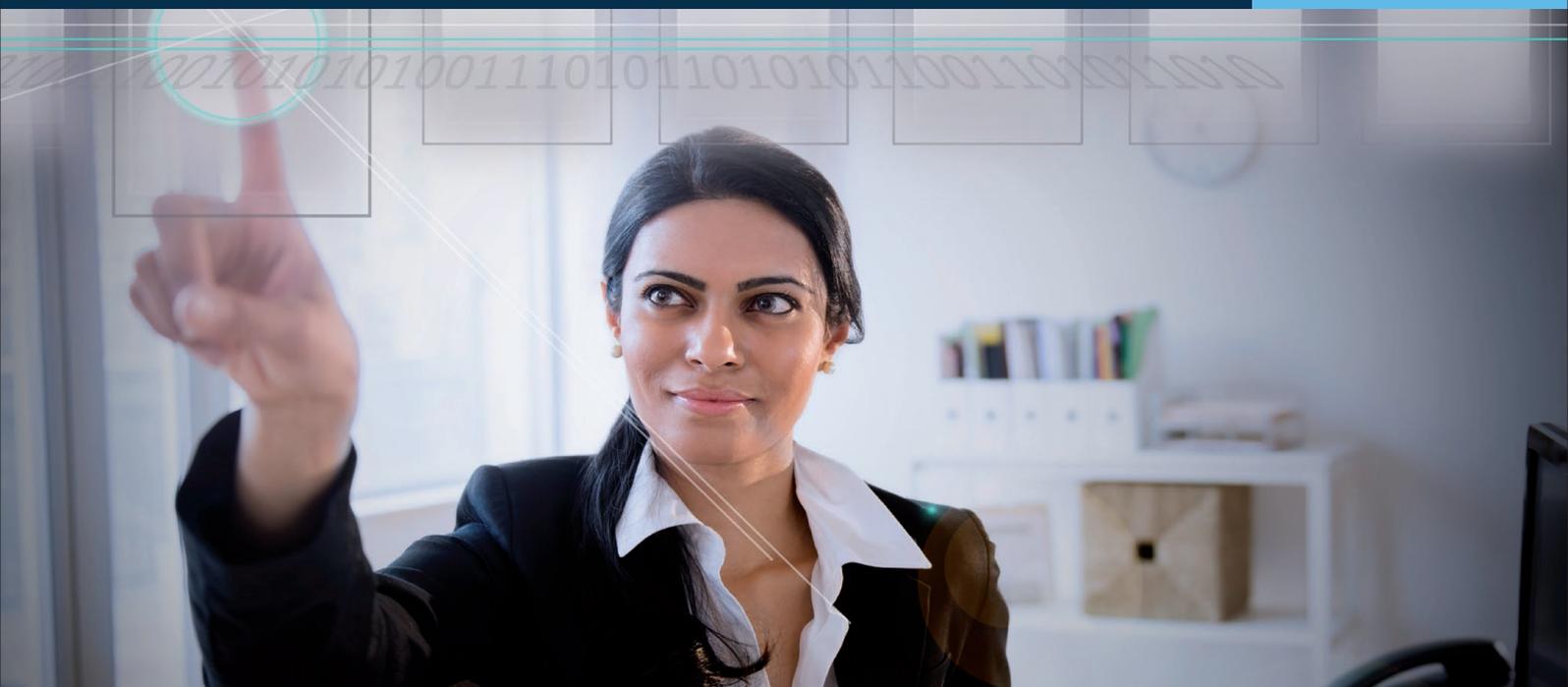


# Actuarial Transformation with SAS®:

Competitive Tariffs. Optimized Portfolios. Pricing in Real Time.



## Challenges

"Insurers must effectively adapt to new technological, market, and consumer complexities with better, more dynamic pricing if they want to maintain a competitive advantage in the insurance industry."

Report: "The Growing Importance of Pricing 2018," The Boston Consulting Group

- **Market transparency brought about by the digital economy.** The increasing appearance of online insurance aggregators is driving the market to a state of permanent price comparison.
- **Technology disruptors enabling new pricing models.** External data vendors, the Internet of Things, and other data-enrichment services are giving insurance companies the possibility to create new innovative pricing models. These include dynamic pricing, better risk estimates, and the proper discount according to the willingness to pay, propensity to buy, or probability of churn.
- **More sophisticated consumers.** Consumers are now open to new value propositions based on new variables (mobility, limited coverage, etc.), requiring dynamic pricing structures.

## The Issue

Insurers require new rate-making capabilities to improve the precision of technical pricing. They want renewal optimization capabilities to get the maximum profit from existing portfolios. They need real-time pricing capabilities to realize underwriting engines for agile tariff deployment.

- "We need to adapt faster to the market - it takes us four months to deploy the tariff"
- "We need to remain relevant and competitive, so we need more insightful pricing models"
- "We need to improve profit from the current policies portfolio by assigning the optimum price to our clients"
- "We need to protect our customer base"

## Our Approach

To be competitive in this changing market, the rate-making process must evolve, and a mix of new capabilities need to be added.

SAS offers a comprehensive framework that allows companies to:

- develop tariff models faster through an agile methodology including machine-learning techniques,
- deploy tariffs into production faster with the ability to embed complex models for real-time pricing optimization, together with a model governance solution,
- optimized renewal adjustments taking into account customer behavior and scenario selection based on business strategy,
- access high-performance simulation capabilities through an easy-to-use interface.

## The SAS Difference

Actuarial Transformation with SAS provides a comprehensive set of tools with several features that sets it apart from other solutions on the market.

### Better Analytics:

- Machine learning and text analytics embedded
- Unifying visual interface as an accelerator
- Integration of Open Source

### Seamless Integration:

- Complement and coexist with existing software
- Both implementation of individual use cases and coverage of the entire end-to-end process possible
- White box: transparent and comprehensible
- Synergies: can also be used for applications in other specialist areas

### Proper Governance:

- Model governance as important added value
- Different deployment options available even in streaming

## Case Study

Caser Seguros is a Spanish insurance company that offers a wide range of products in the areas of home, car, health, life, etc.

### Key Challenges:

- Slow pricing and underwriting processes were affecting sales and impacting the bottom line.
- The need to attract and retain customers amid a price war among insurance companies and an economic downturn.

### Solution:

Actuarial Transformation with SAS

### Results:

- Improved retention levels by 50 % in key client segments despite the economic difficulties.
- Expected 3-5% increase in renewal profit due to optimized renewal pricing and underwriting processes.
- Ability to analyze market trends, evaluate competitor pricing and products, and make pricing and underwriting decisions in real time.
- Can now detect which customers are likely to leave for another insurer - before they actually do.
- Ability to calculate the impact of regulatory changes and adapt more quickly to market conditions.

## What if you could ...

... fully exploit the potential of state-of-the-art machine-learning algorithms and increase maturity levels using standard software?

**Better methods.**  
**Increased margins.**

... provide robust, efficient, and repeatable processes by using a standardized and unifying platform?

**More throughput.**  
**Better use of resources.**

... use a flexible real-time engine for fast tariff deployment, giving actuaries more influence?

**More agility.**  
**Faster time to market.**

You can. SAS gives you THE POWER TO KNOW.

## Actuarial Transformation – use cases realizable with SAS

Competitive  
Tariffs

Optimized  
Portfolios

Pricing  
in Real Time



To contact your local SAS office, please visit: [sas.com/offices](https://sas.com/offices)

