

## **The “North Star” Model – Overcoming Obstacles in Maintaining a Multi-purpose Model**

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# Actuarial Systems

System evolution is underway

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## **Historical Practices**

- Specific models
- Patchwork of systems
- Duplicative models
- Reconciliation issues
- Version control issues
- Inefficiencies

## **Emerging Trends**

- Modernization
- Consolidation
- Centralization
- Model governance
- Automation

# Why Now?

Several forces are driving these changes

Demand for more  
analysis

Do more  
- with less

Increased  
governance  
expectations

# What is a Multi-Purpose Model?

Sharing a common tool across business functions

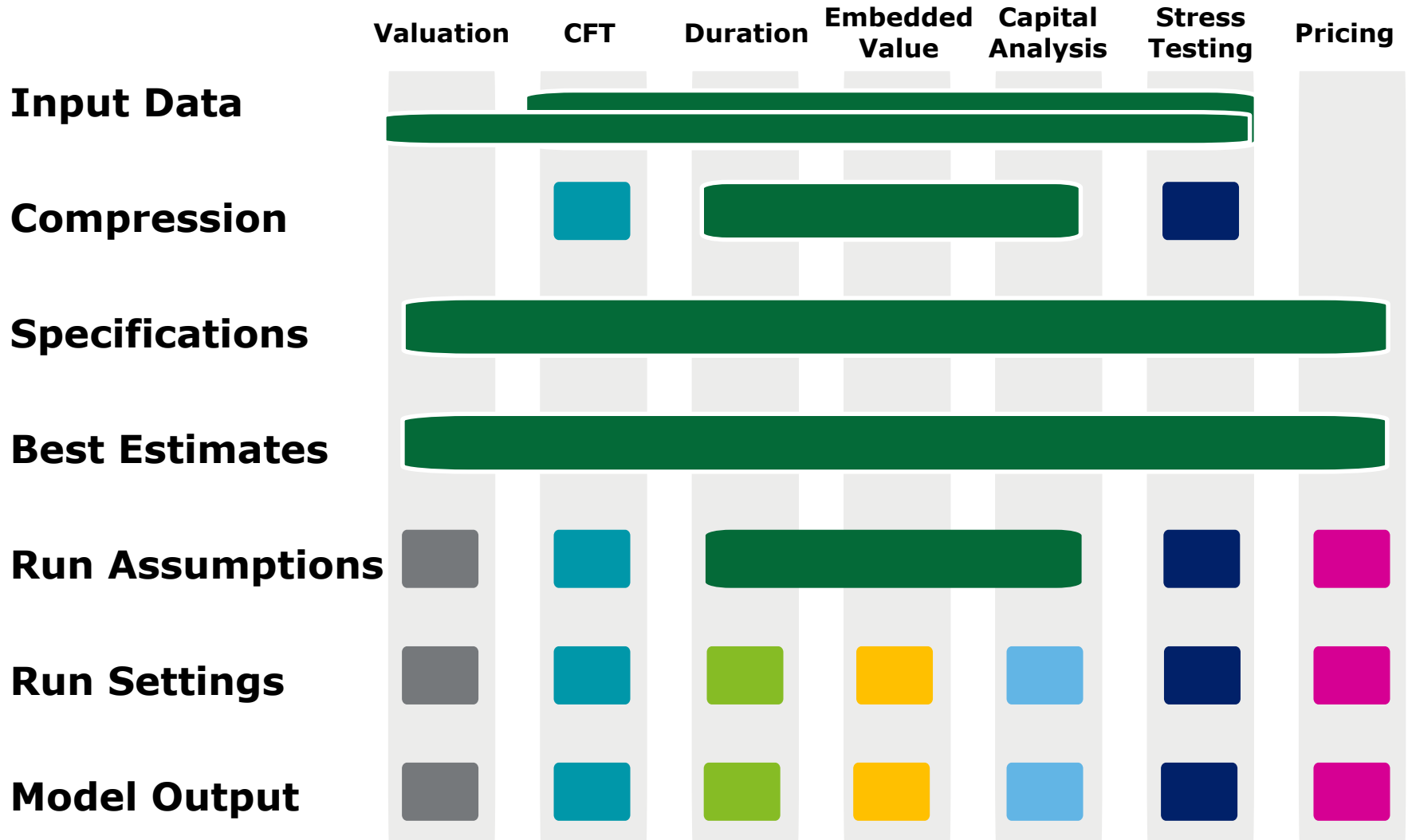
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- Multiple-purpose actuarial calculations
- Shared by users
- Shared product configurations
- Switch based methods



# Centralized Actuarial Modeling Platform (CAMP)

Maintain multiple data and rule sets

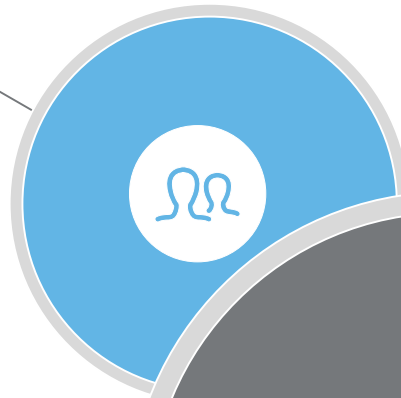


# Common Concerns

Obstacles that need to be addressed

## People

- Ownership
- Shared responsibilities



## Process

- Increased complexity
- Dependencies
- Prioritization



**Resistance to Change**

## Technology

- Assumption flexibility
- Divergence



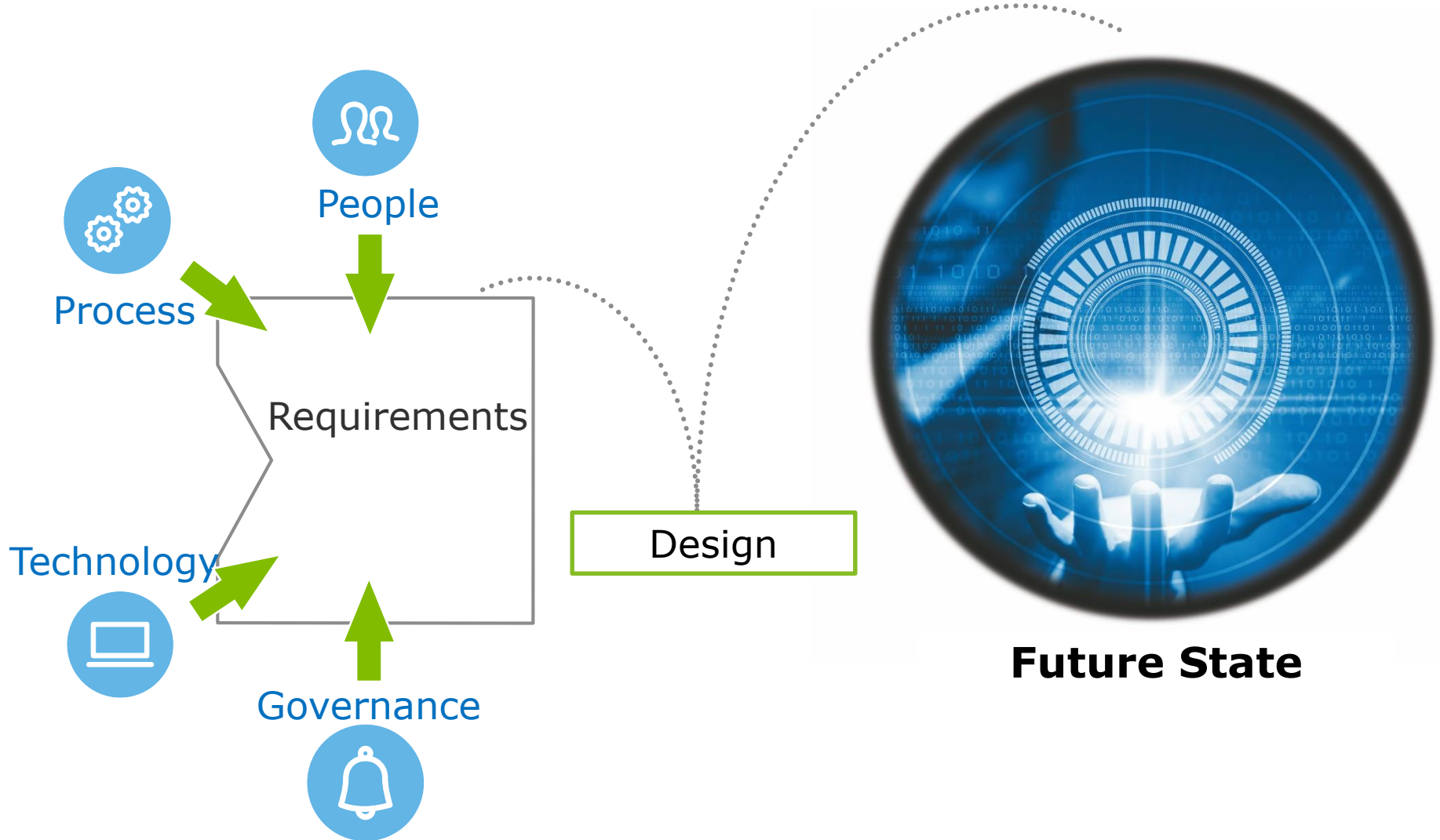
## Governance

- Inflexibility
- Reliability



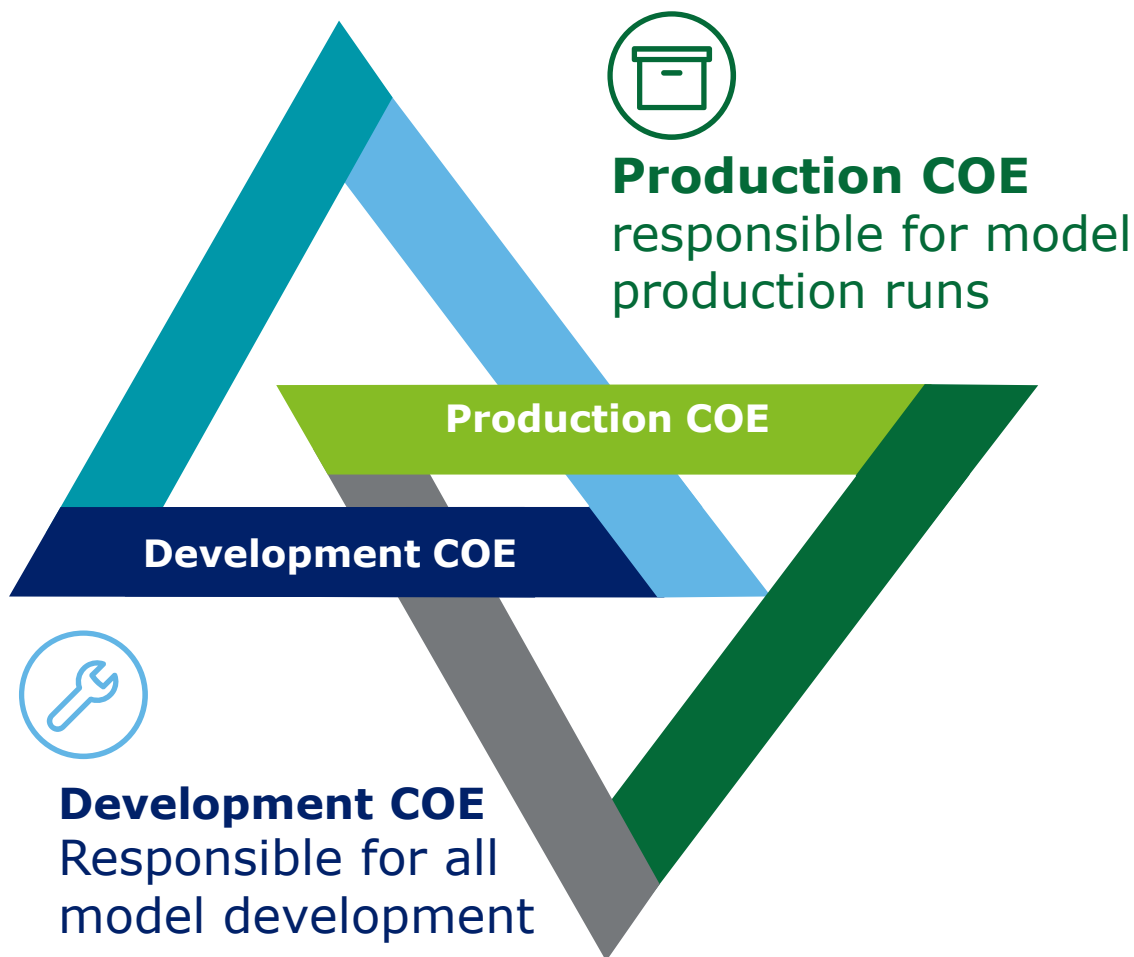
# Create Solutions

Acknowledge roadblocks in order to identify solutions



# People and Organization

Maintenance of a centralized model can benefit from a COE



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## Benefits

- Separation of duties
- Model gatekeeper
- Corporate view
- Discipline and control
- Increase consistency
- Talent focus



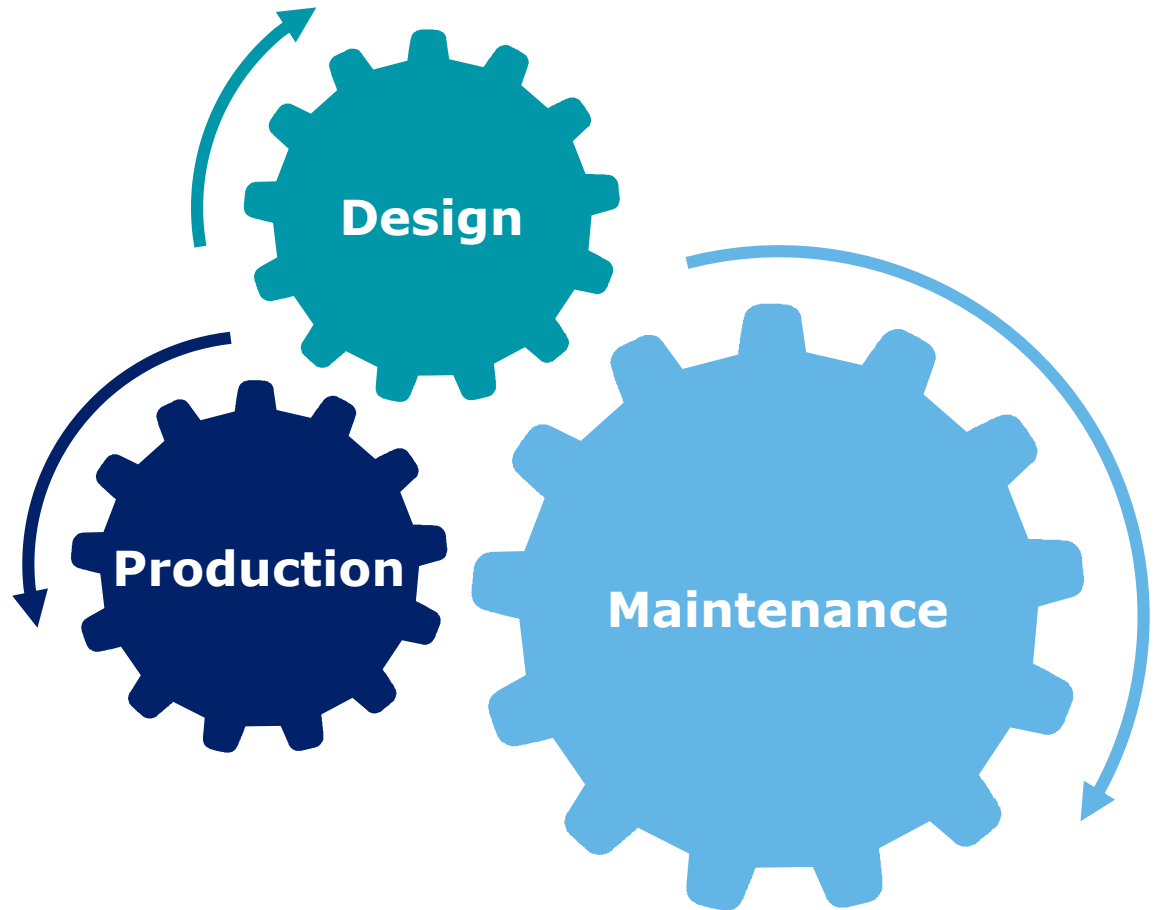
# Process

Maximize efficiency in production and maintenance

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## Seek Efficiency

- Integrate
- Rationalize
- Standardize
- Automate
- Be creative
- Delegate
- Prioritize



# Technology and Systems

Maintenance is made easier with a future proof design



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## Design principles

- Fewer models
- More granularity
- Transparency
- Discipline

## Systems

- Flexible inputs and outputs
- Change control

## Technology

- Environments
- Regression tools



# Governance

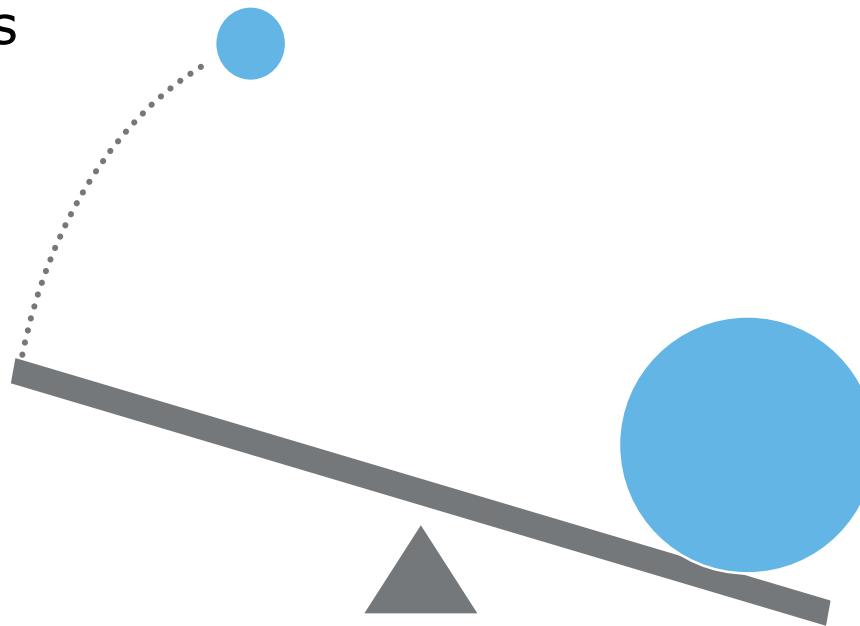
Controls should not overtake flexibility



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## Flexibility

- Environments
- Assumption flexibility
- Sensitivity
- Prioritization
- Granularity
- Options



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## Control

- Production
- Requirements
- Test plans
- Development cycle
- Release memos
- Documentation

# The Benefits Are Real

Consolidation can impact actuarial efficiency and effectiveness



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*"If you always do what you've always done, you'll always get what you've always got."*

- Henry Ford

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*"There is a better way to do it - find it."*

- Thomas Edison

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