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Integration of actuarial functions

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Charlotte NC**

Presentation

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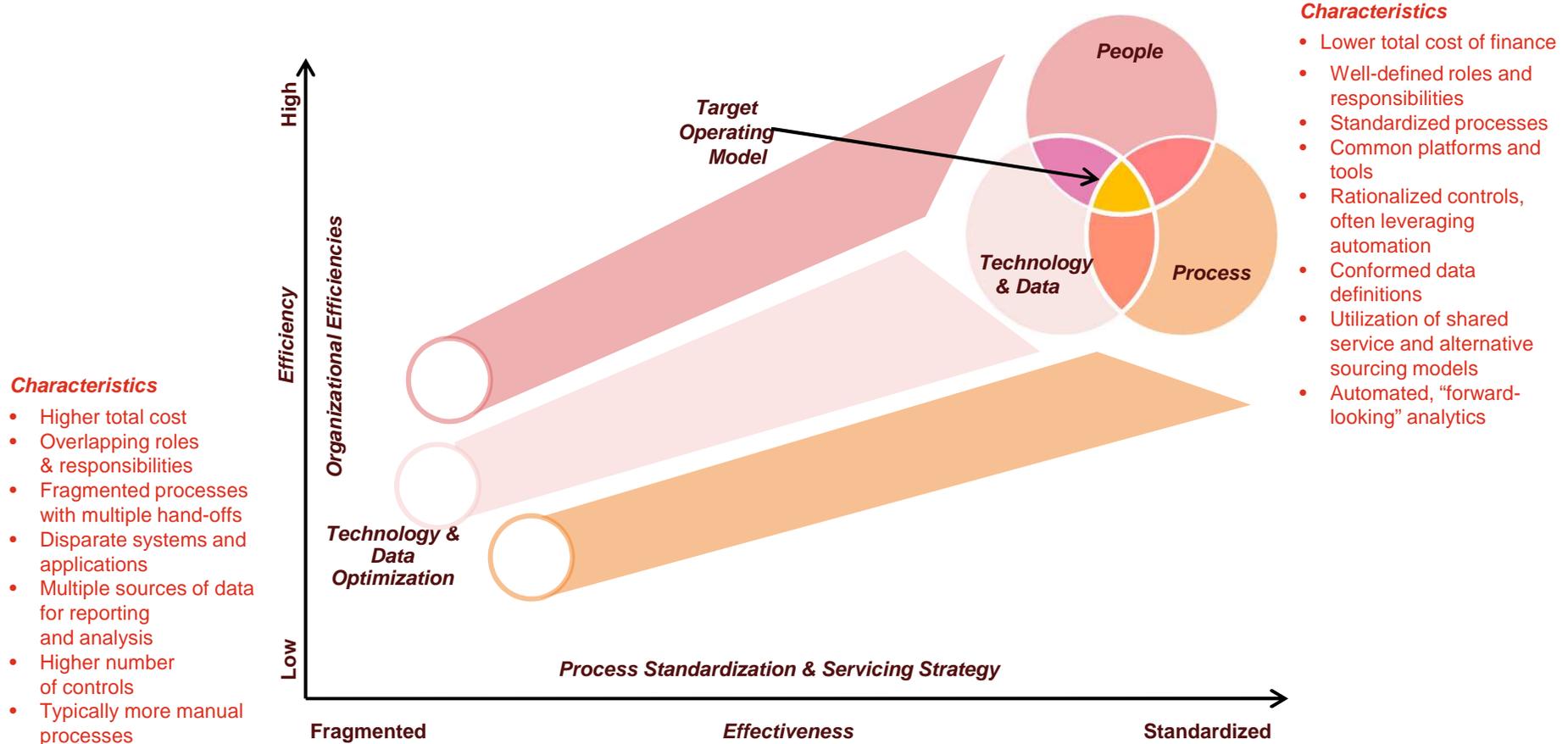
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Overview

Integration of actuarial functions

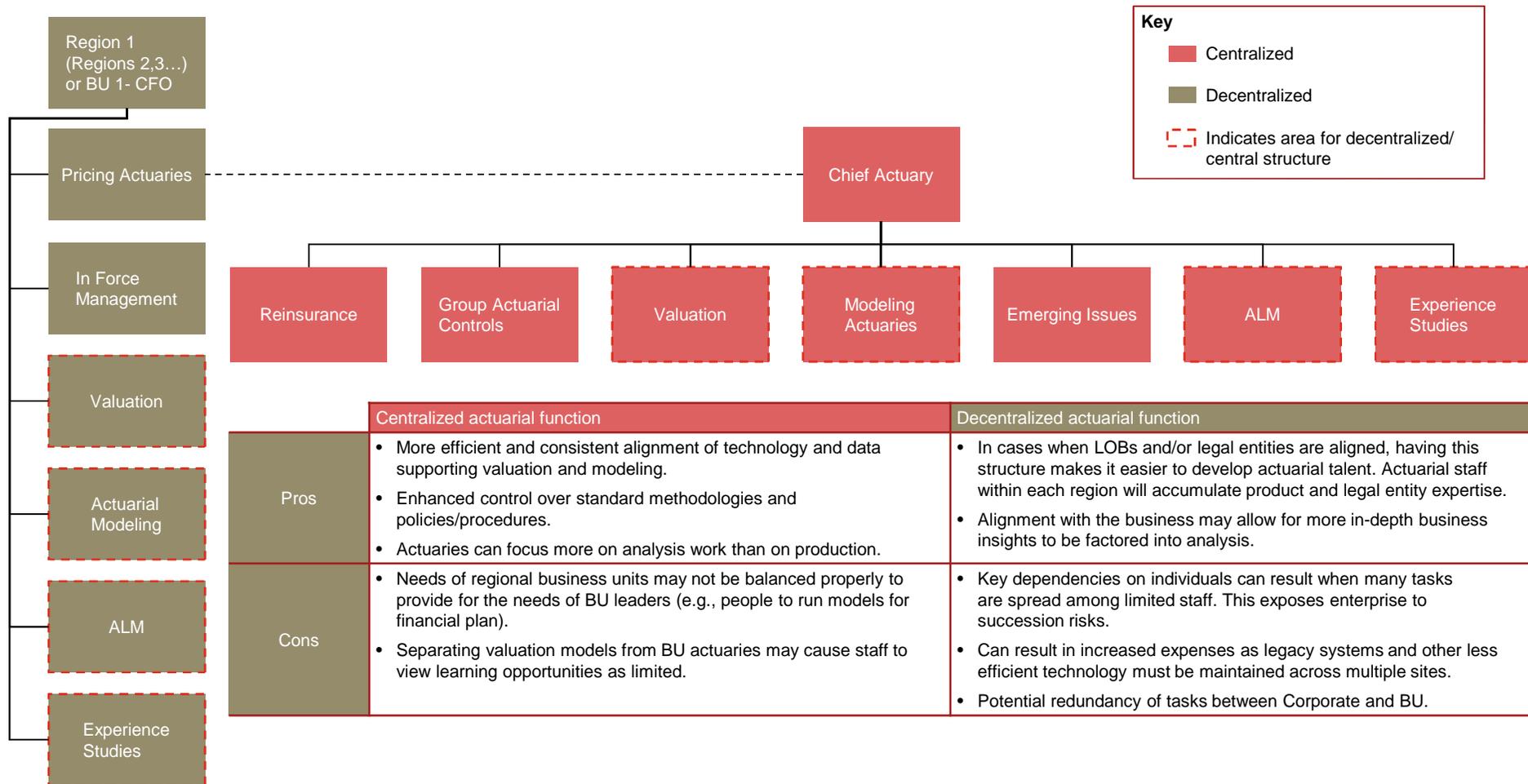
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An integrated operating model focuses on people, process and technology



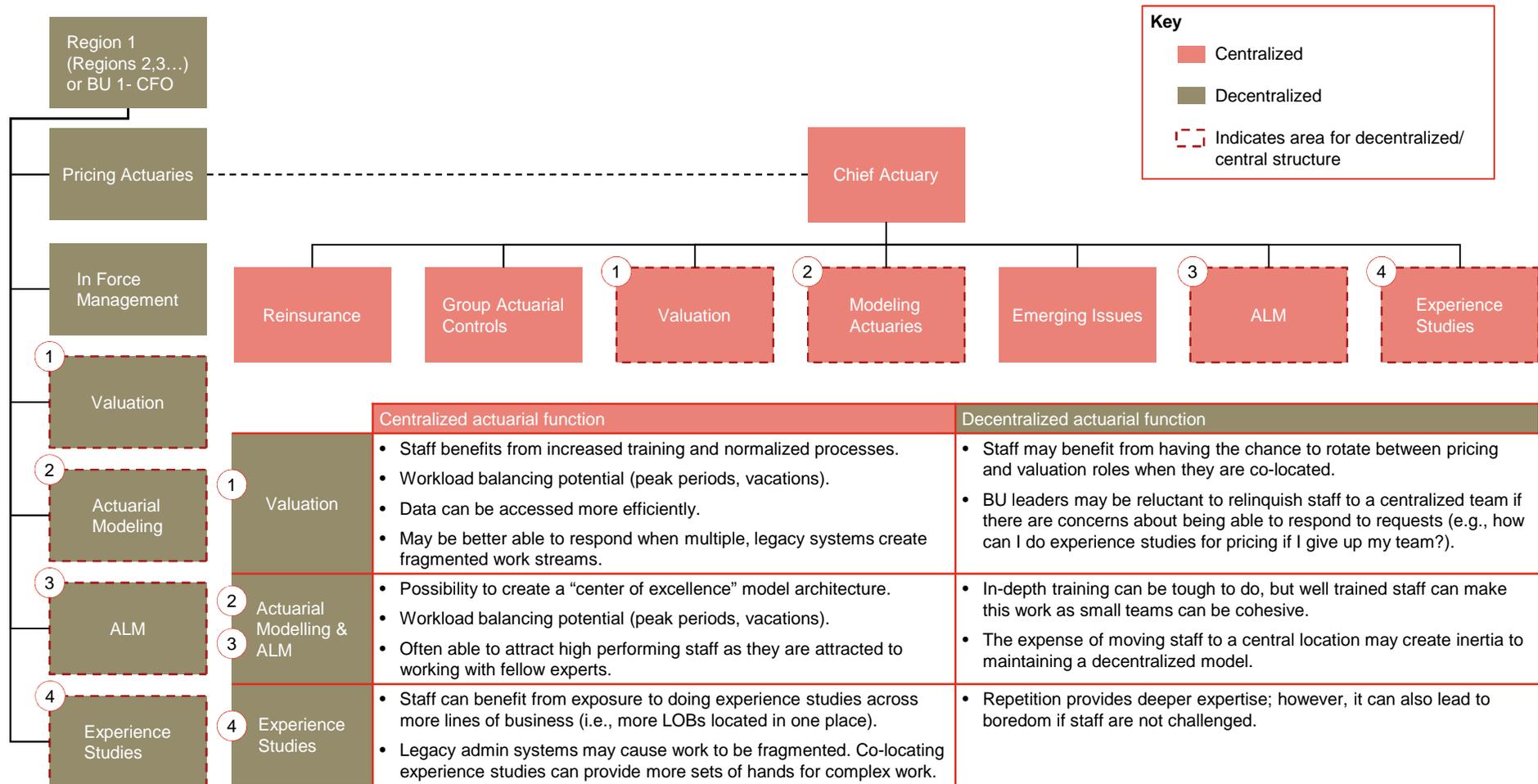
Centralized vs. decentralized actuarial functions

No single 'leading practice' actuarial organizational structure exists. When making a decision between a centralized and decentralized organizational structure recognize the need to balance a focus on consistency, control and efficiency against the desire for flexibility and business insights.



Centralized vs. decentralized actuarial functions

Certain actuarial organizational components exist that can function as part of a leading practice centralized actuarial organization or a leading practice decentralized actuarial organization.



How to improve team performance under both models

Making a transition between models requires planning, leader engagement and a strong bias for action to overcome inertia.

Centralized Teams

Ways to configure teams

Traditional

- Pick a date and push the teams together

Non-traditional

- Center of Excellence – single team that drives methodologies and governance across a given process
- Shared Service Center – multi-function teams

Transitioning to a new model

- Change management – the case for change
- Coordination with business unit teams
- Careful selection of leaders – 100 day plans
- Problem solving
- Training – keeping your options open
- Thinking longer term

Decentralized Teams

Getting the most from your teams

- Activity analysis to identify bottlenecks, opportunities
- Staying uncomfortable with pain points
- Leveraging what other teams are learning
- Cross-training and balancing workload across BU
- Rationalizing controls and maintaining focus on “no regrets” processes

Transitioning to a new model

- Change management – the case for change
- Coordination with the corporate teams
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Operating model changes while keeping your day job

Reality check: some activities need change but aren't candidates for actuarial modernization...

What can leaders and teams do when resources are limited and needs are great?

- Time studies, activity analysis
- Identification of pain points
- Process improvement – employing the rigor of systems development lifecycle:



- Structured solutioning – LEAN, Six Sigma, TQM, etc.
- No matter how small the team or how challenged the process... **gap current processes against best practice – pursue better practice with a ruthless attention to efficiency**



Comedian Mad Chad Taylor – yes, he tells jokes while juggling chainsaws!

Governance is your friend – believe it!

Whether it is fully formed or evolving, governance should be consulted and followed in order to...

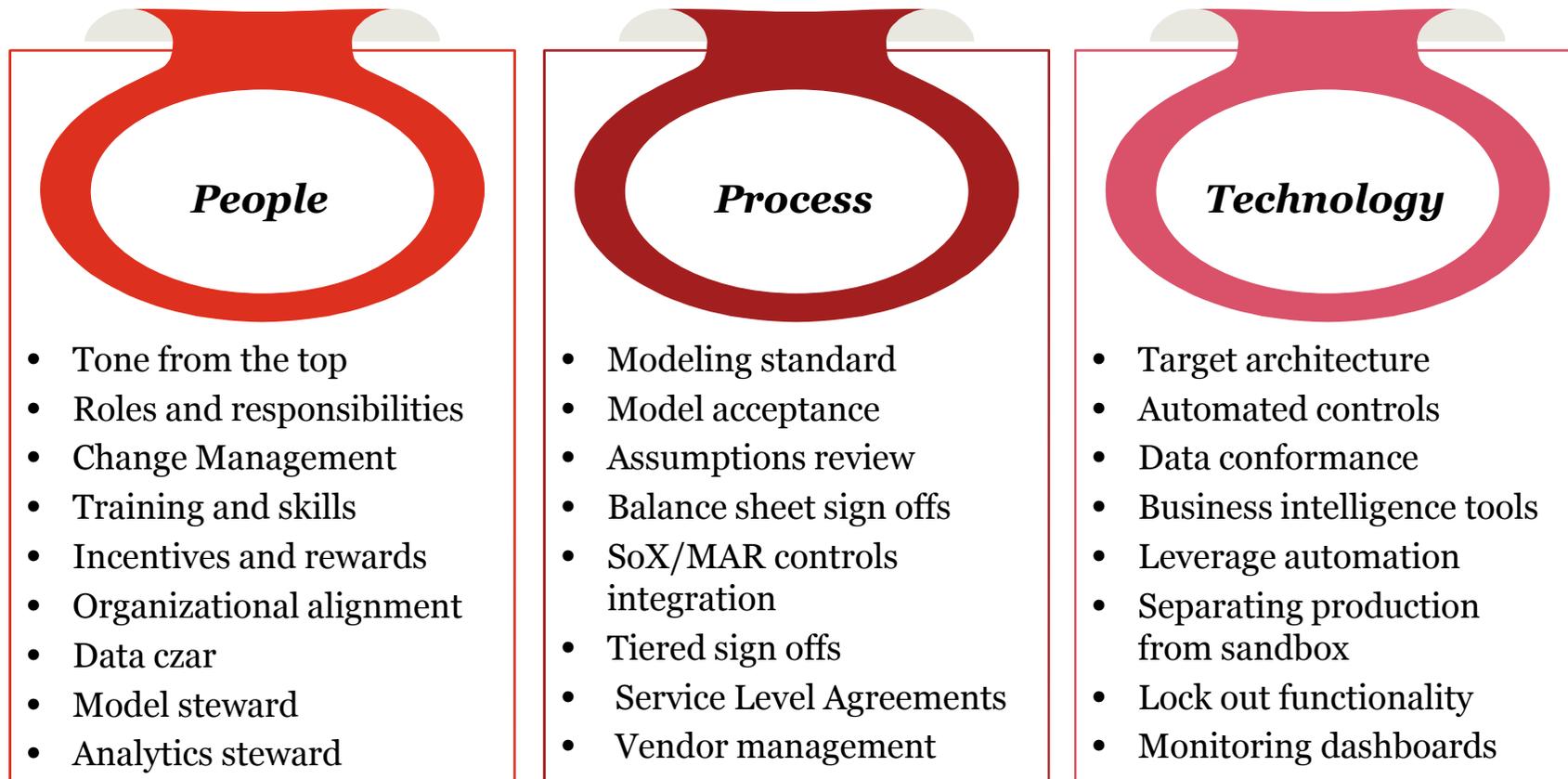
- Executing what matters most,
- Understanding and optimizing handoffs,
- Identifying required reviews, and
- Ensuring proper signoffs are completed

In short, leverage existing governance to help you do the work once and do it right!

When gaps exist in governance, *close them* as a key step in process improvement. It will be worth the effort in the long run!



Enabling strong governance and its relationship to actuarial work



Strategic and operational alignment is the wave of the future

Finance, Actuarial and Risk organizations are aligning their operating models in order to respond to disruptive technologies, increased stakeholder demands and a host of regulatory and accounting changes.

Finance, Actuarial and Risk must evolve from.....

88% of organizations are working to enforce or execute their corporate level data strategy across finance



- **Minimal** involvement
- Problem finding
- **Post-hoc** critique

- Confrontational
- Technical **compliance** with external rules

- Data collection
- Organizational **hierarchy** driven
- Technology **constrained**

- **Manually** intensive & cumbersome
- Policy view
- **Redundant**



Decision support....
Requires role transformation



Business control
Requires new processes



Reporting
Requires new process & thinking



Data & transaction processing
Requires better and faster integration

.....To

- **Risk** and scenario based analysis
- **Strategic**/market issues
- Problem solving

- **Embedded**
- Accountability
- Cost/benefit sensitive

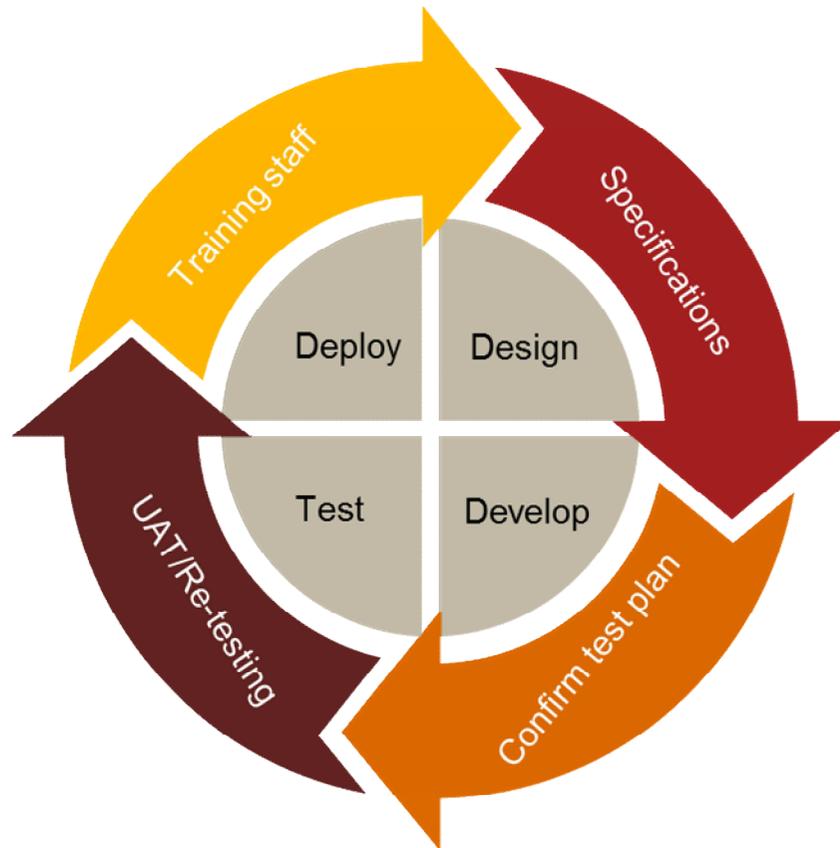
- **Relevant** to business
- Information rich
- **Integrated**

- Automated & streamlined
- Customer view
- **Predictive**



Leading organizations have **40%** more FTEs in business insight roles than median performers

Participation in IT projects creates a virtuous cycle delivering enablers that transform key processes



Outer circle – Actuarial contributions to IT projects
Inner circle – Key components of IT projects

When larger projects are funded, technology enablers need to be delivered by IT.

- In order for IT projects to deliver on their potential, Actuarial needs to be a full partner in these projects.
 - Early engagement in developing business requirements is the best way to drive the change you need
 - In force feeds, requirements for self-service data, data quality remediation, reports and analytics all need to be well documented and thoroughly tested
 - Legacy processes should be promptly retired and SLAs put in place
- These projects can be at risk of under-delivering if IT and Actuarial are not working together and are not well coordinated across the SDLC

Thank you!

My contact information:

Gregory M. Smith, FSA, MAAA
PwC | Director, Actuarial Services
Mobile: 860-604-0846
Email: gregory.m.smith@pwc.com

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