



ACTUARIAL  
 SOCIETY  
OF SOUTH AFRICA

QUANTIFYING RISK, ENABLING OPPORTUNITY

Wider Fields  
in Short Term Insurance :  
Claims Analytics  
Erik Harkema

# Identity

I have an inferiority complex  
..but it's not a very good one.

# Where NOT To Get Your Identity

- I items
- D duties
- O other
- L longing
- S suffering



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# Standard characteristics

- Good with numbers
- Understand complex issues
- Approach a problem from different angles
- Logical
- Usually creative

Very useful in business!

# So what do I do?



# Predictive Analytics

## Definition

*The analysis of data sets to identify meaningful relationships, and then using these relationships to better predict future events.*

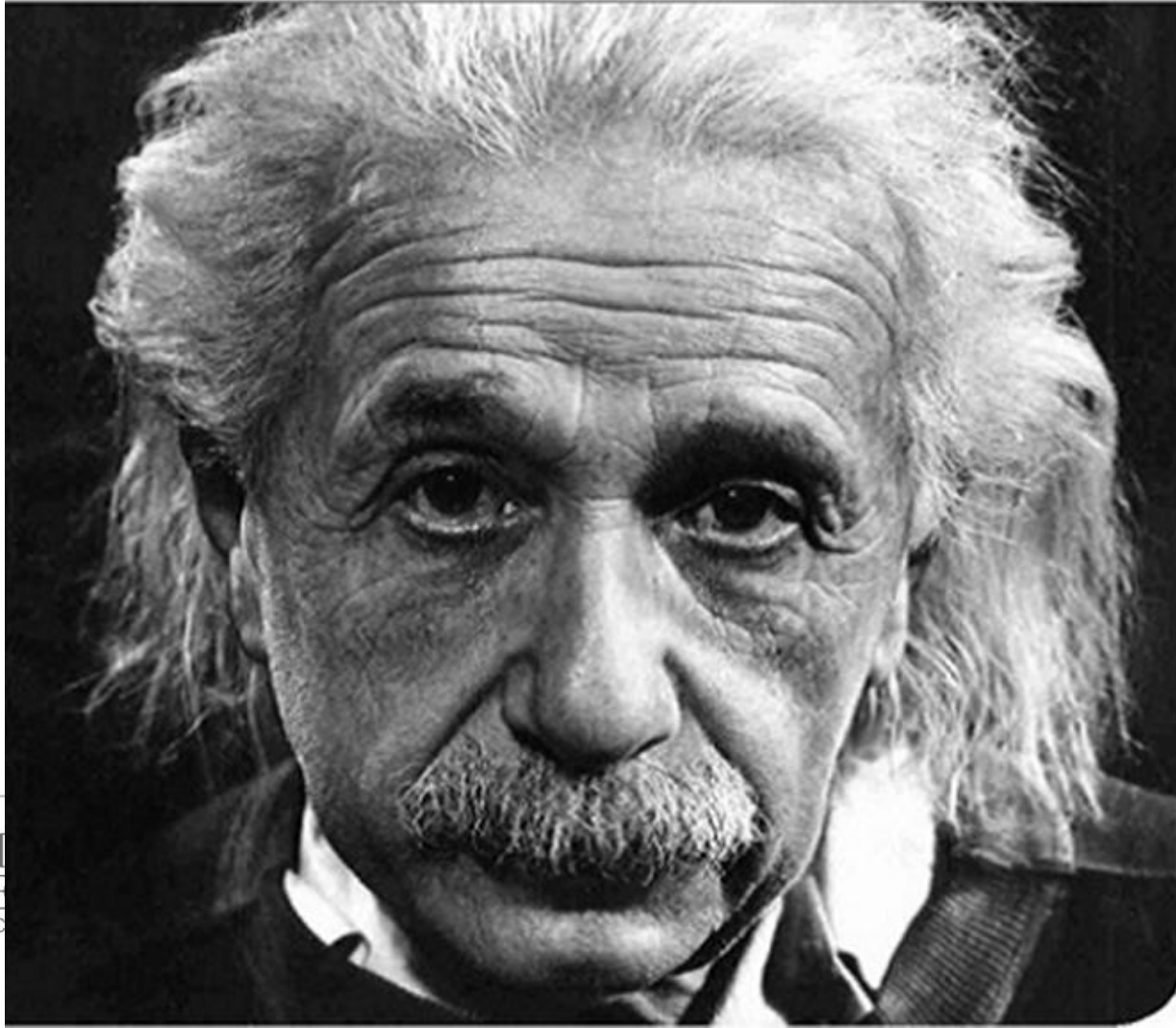
# Typical Predictive Analytics

- Pricing
  - Price optimisation
  - Target marketing
  - Media spend optimization
  - Cross/up sell optimisation
  - Customer segmentation
  - Claims fraud
  - Sales staff incentives
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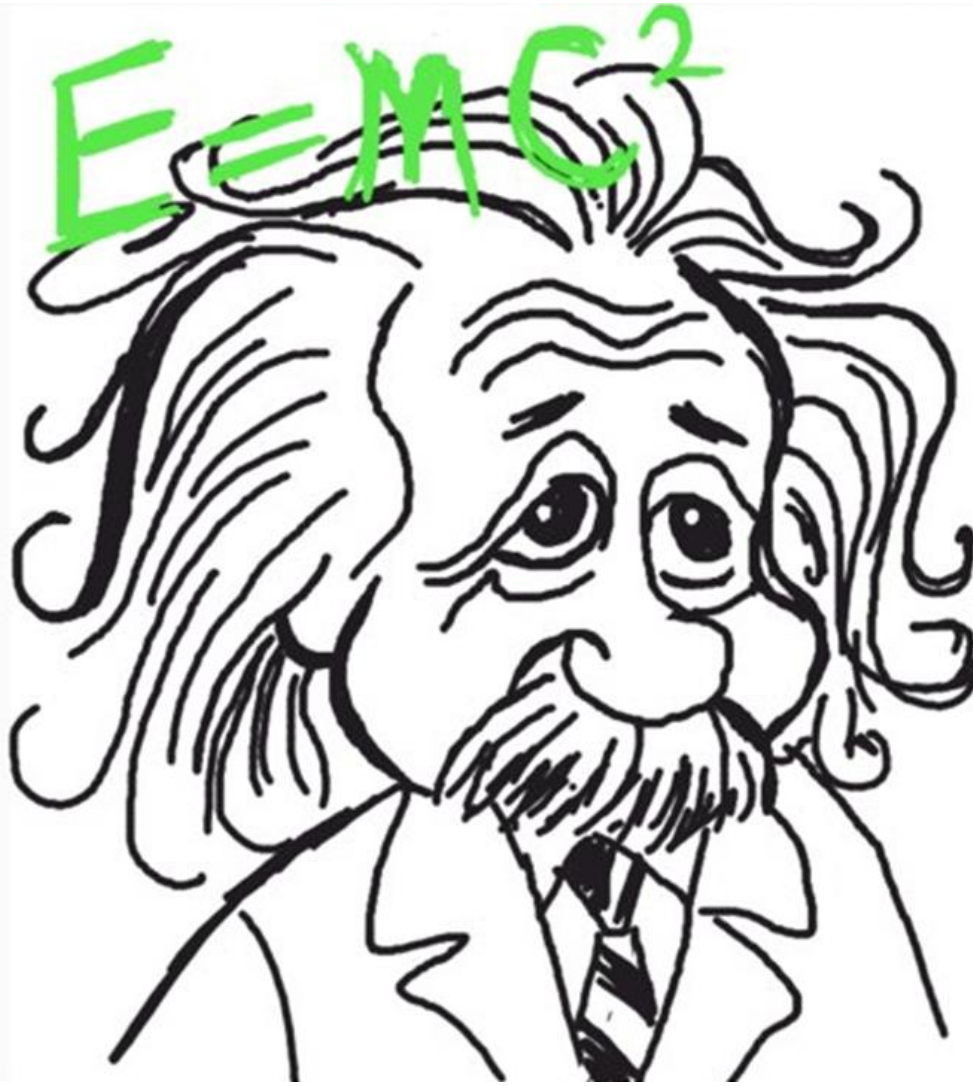
# Claims Analytics in Procurement

- Dynamic write off model

# Reality



# What you hope to build



# What your model eventually predicts



# Claims Analytics in Procurement

- Claim segmentation

Difficult to define dodgy....





# Other ramblings on Procurement

## “Easy” sums

- Compare tenders
- Quantifying value of different interventions:
  - Outsource versus In-house
  - Quantify value of process A versus process B

# Other ramblings on Procurement

Easy sums... but difficult to roll out

- Incentive structures (sales people, tow trucks, panel beaters)
- Lack of data
- Systems and resource constraints
- Clashing priorities

# Summary

There are more jobs in Short Term than just Pricing, Reserving and Capital Modelling

- Analysing data (all kinds) is becoming more important in decision making
- Quantifying the impact of different decisions is extremely valuable

Actuaries are good at both the above!

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