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## The Winchester House

By Carl Desrochers and Kevin Pledge

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**A**t 525 South Winchester Blvd. in San Jose, Calif. lies an enormous mansion, known as the Winchester House. It was built by Sarah Winchester, around the turn of the century, after she inherited a large sum of money from her husband's rifle company.



Following the death of her husband in 1881, and believing that her family was cursed by the spirits of all the people who had been killed by the Winchester rifle, Sarah Winchester sought out spiritualists to determine what she should do.

According to popular belief, a medium advised Sarah Winchester that she had to leave her home in New Haven and travel west, and "build a home for yourself and for the spirits who have fallen from this terrible weapon, too. You can never stop building the house. If you continue building, you will live. Stop and you will die."

Following the advice of this medium, work began on the Winchester House in 1884 and it continued, 24 hours a day, seven days a week, 365 days a year. A new wing here, an additional tower there, some rooms remodeled several times. Virtually everything needed was onsite, and with an inheritance worth approximately \$21,000 per day in today's terms, Sarah Winchester had vast sums of money available to fund construction. The

work continued until the death of Sarah Winchester, poisoned by one of her servants, some 38 years later when building immediately stopped.

Due to the constant construction, the house became very large and quite complex; about 160 rooms, including 40 bedrooms and two ballrooms. The house also has 47 fireplaces, 10,000 window panes, 17 chimneys (with evidence of two others), two basements and three elevators. The house also features a number of oddities such as: doors that open into walls or a 10-foot drop; staircases that rise into ceilings; windows that look into walls; more passageways and halls than rooms; a three-story chimney that falls short of the roof; and many rooms that serve the same purpose.

There is no overall set of blueprints for the house, no master plan and no strategy in the design.

You are probably asking yourself “what does all this have to do with systems?” and, at the same time, it sounds strangely familiar.

In every organization, construction of systems goes on continuously. A new report here, an input screen there, a modification to an existing function combined with a new routine layered on top of an existing one; some systems enhanced several times. Virtually everything needed to build systems is onsite and vast budgets are allocated to IT departments.

As a result of this continuous building most companies have large complex systems. These systems typically feature a number of oddities such as: reports that go nowhere; more interfaces than applications; multiple standards that conflict, have redundant data, are inconsistent and/or inaccessible, and are in incompatible formats; and many systems serve the same purpose.

Most organizations have no overall architecture for the data, systems and technology, no master plan and no strategy in design.

An Enterprise Business Intelligence (EBI) system, or enterprise data warehouse, provides a solution to the chaos brought on by the continuous building and cus-

tomization of systems. The EBI system will provide a single source of data and analytics; providing analysts with consistency and allowing the administration and other systems to continue to serve the function they were intended for instead of being bastardized for analytical or other purposes.

It is also true that there are plenty of stories of data warehouses simply adding to the confusion. One must be careful as without clear vision, strategy and objectives, a data warehouse may end up being just another system layered on top of the existing ones contributing to the existing chaos instead of solving it. The reasons for these “failed” data warehouses can usually be attributed to one of two myths: A) data warehouses are basically the same; and B) small data mart projects will in one day grow into something bigger.

Despite what the name may suggest, a data warehouse is more than just a collection of data. The data must be structured for the intended use and many applications will be embedded in the system. After all, applications such as experience studies are relatively simple—the hard part is structuring the data to align claims and exposures, allowing flexibility in the study period and slicing by any attribute. A business intelligence system designed for retail or telecom will not be suitable for actuarial experience studies, reserve analysis and earnings analysis, even if the data can be added.

The second popular myth is the one concerning data marts. At the end of the day, these are quick win projects, designed for a specific purpose. There is nothing wrong with this unless you expect it to grow and expand to other areas. Each area has its own needs, definitions and perspective on the business, consolidating this is not a trivial exercise or an afterthought and clearly won’t happen overnight. Expecting data

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Kevin Pledge, FIA, FSA, is president and CEO of Insight Decision Solutions in Markham, Ontario. He can be contacted at [kpledge@insightdecision.com](mailto:kpledge@insightdecision.com).

Staircase to nowhere



be very frustrating when dealing with inconsistent legacy systems. Consider breaking from the “keep building on what we have” mentality and consider an Enterprise Business Intelligence system. It will provide you with the information you need to formulate a clear vision and draw the blue print to take your company to the next level. Alternatively, take some time off and visit the Winchester House, there are tours available including flashlight tours at night on dates around Halloween and each Friday the 13<sup>th</sup> (<http://www.winchestermysteryhouse.com>). And remember, you are not alone in your frustration. ■



Carl Desrochers, FSA, MAAA, FCIA, is 2nd vice president and actuary at Berkshire Life Insurance Co. He can be contacted at [carl\\_desrochers@berkshirlife.com](mailto:carl_desrochers@berkshirlife.com).

ments to expand into an enterprise wide system is like expecting four or five Smart cars to transform into a minivan—they are simply not designed this way.

When approached with an enterprise architecture designed specifically for insurance, a business intelligence system will manage data, provide analytics and coordinate reports. Despite the underlying chaos it is possible to have a single-source of information—consistent and relevant, connecting the whole organization.

Actuaries may be compared to mediums with our prediction of future events. However, our advice is based on logic, statistics and process. Accurate and reliable information is critical to our work and can