

Fuzzy clustering study on the structure of insurance policies

Yefu Kou

University of Waterloo

Abstract: In this study, we propose using a fuzzy clustering method for analyzing and classifying insurance policies. By identifying and comparing the similarities and dissimilarities among the vast number of insurance policies, this method can provide additional insights on the characteristics of these policies. This in turns can have important implications on improving the pricing of the existence policies and also on the underwriting of future insurance policies. The advantages of our proposed approach are demonstrated by using a simulated example.