



45 - Integrated FP&A Projections and “What-if” Analysis

[SOA Antitrust Disclaimer](#)

[SOA Presentation Disclaimer](#)

Integrated FP&A Projections And “What-If” Analysis

Emily Gingrich, FSA, FCA, SVP - ICALM, AIG Life & Retirement

Greta Hager, Head of FP&A, Mass Mutual

Youyou Tao, FSA, CERA, MBA, Lead – Client Engagement, Americas Insurance Solution, Moody’s Analytics

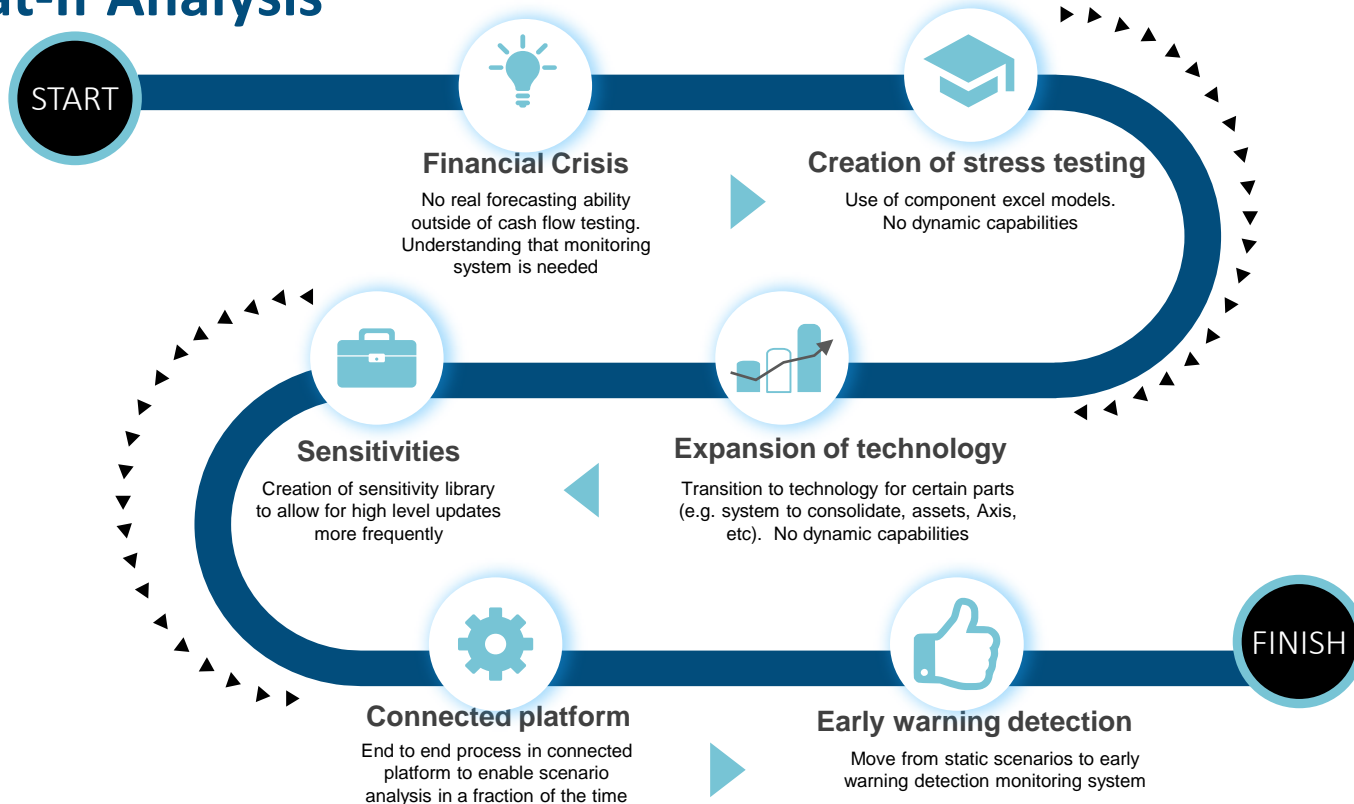


Aug 27, 2019



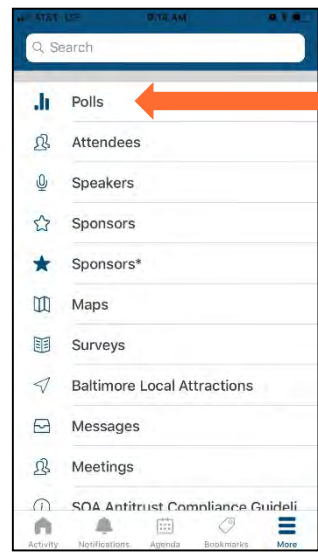
Background

Journey of Deterministic Forward Looking Projections and What-If Analysis



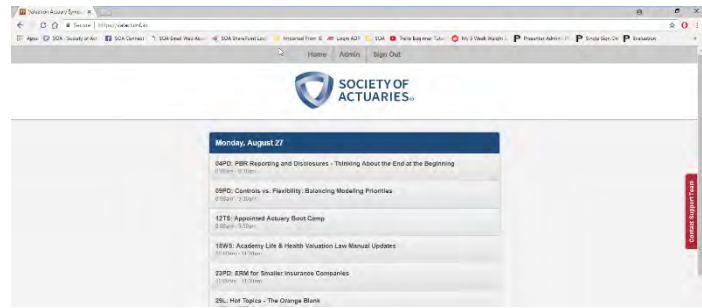
To Participate, look for Polls in the SOA Event App or visit valact.cnf.io in your browser

Find The Polls Feature Under **More** In The Event App



or

Type valact.cnf.io In Your Browser



Choose your session



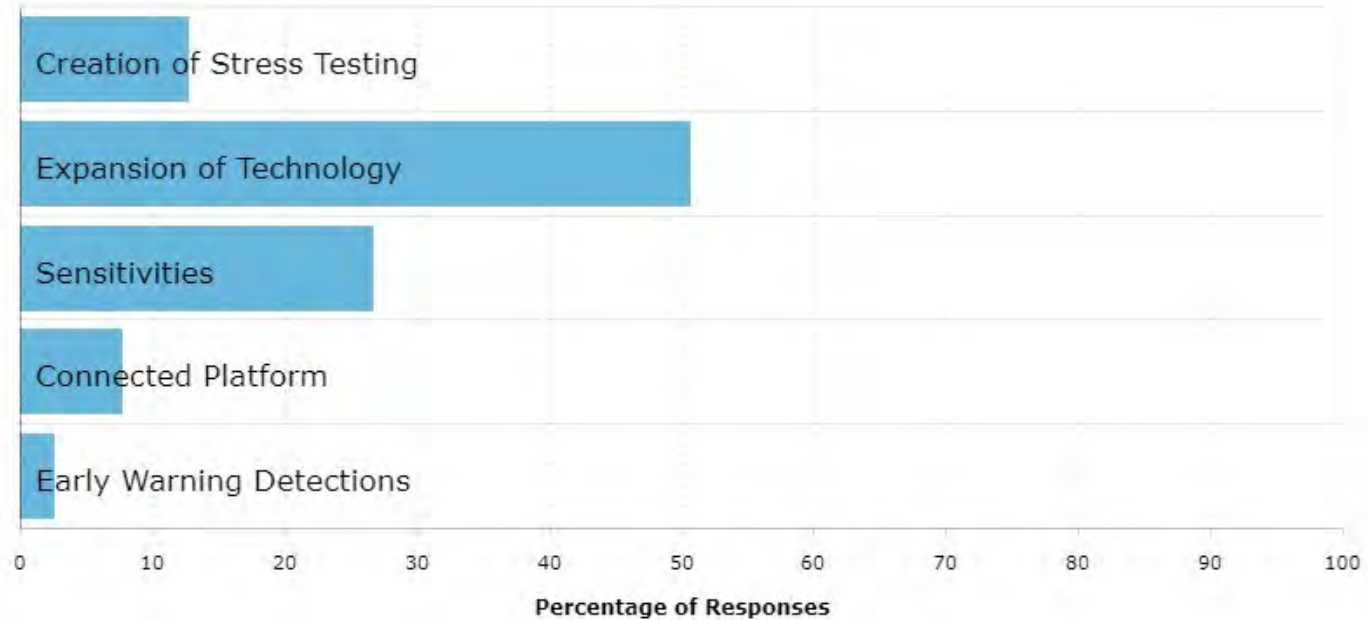
Respond to Polls when they appear

Polling: Where Are You In The Journey?

- A. Creation of Stress Testing
- B. Expansion of Technology
- C. Sensitivities
- D. Connected Platform
- E. Early Warning Detections



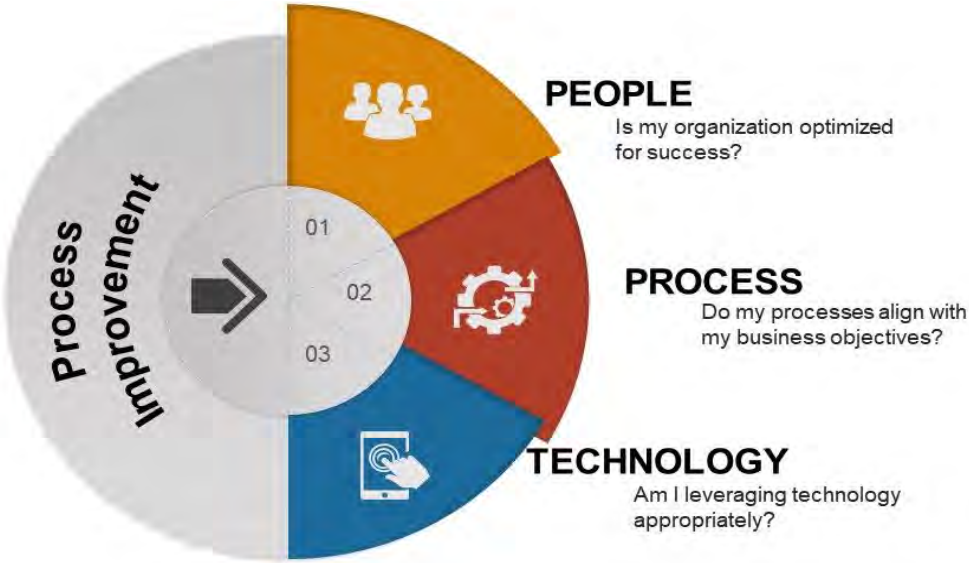
Poll: Where are you in the journey?



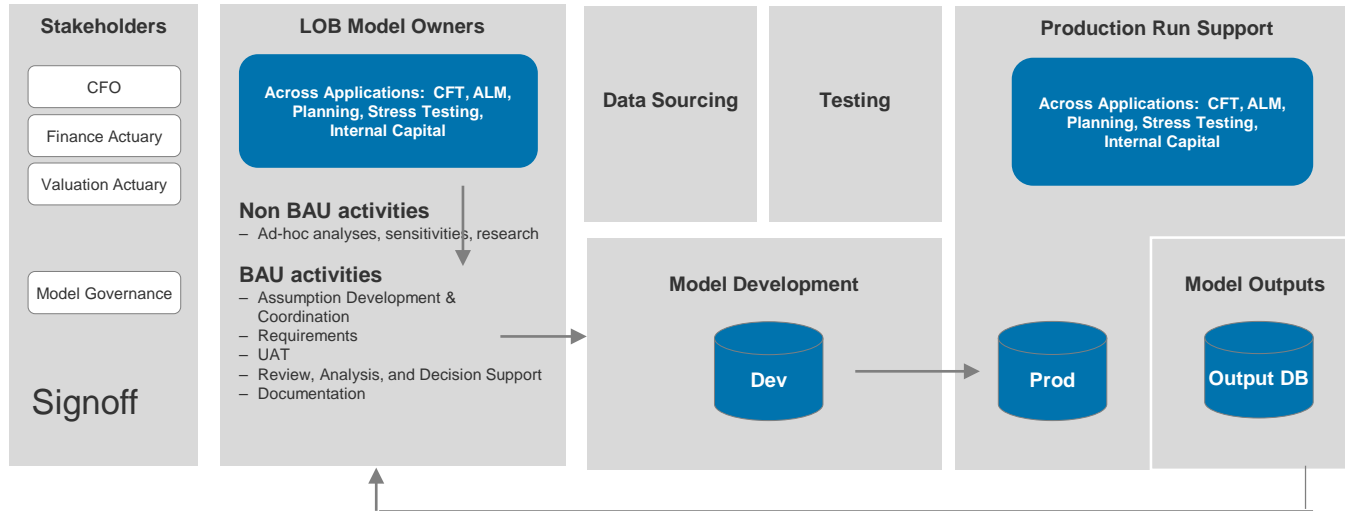


Operationalize the
Bottom-Up
Deterministic
Projection and “What-
If” Analysis

Harmonization of People, Process, and Technology

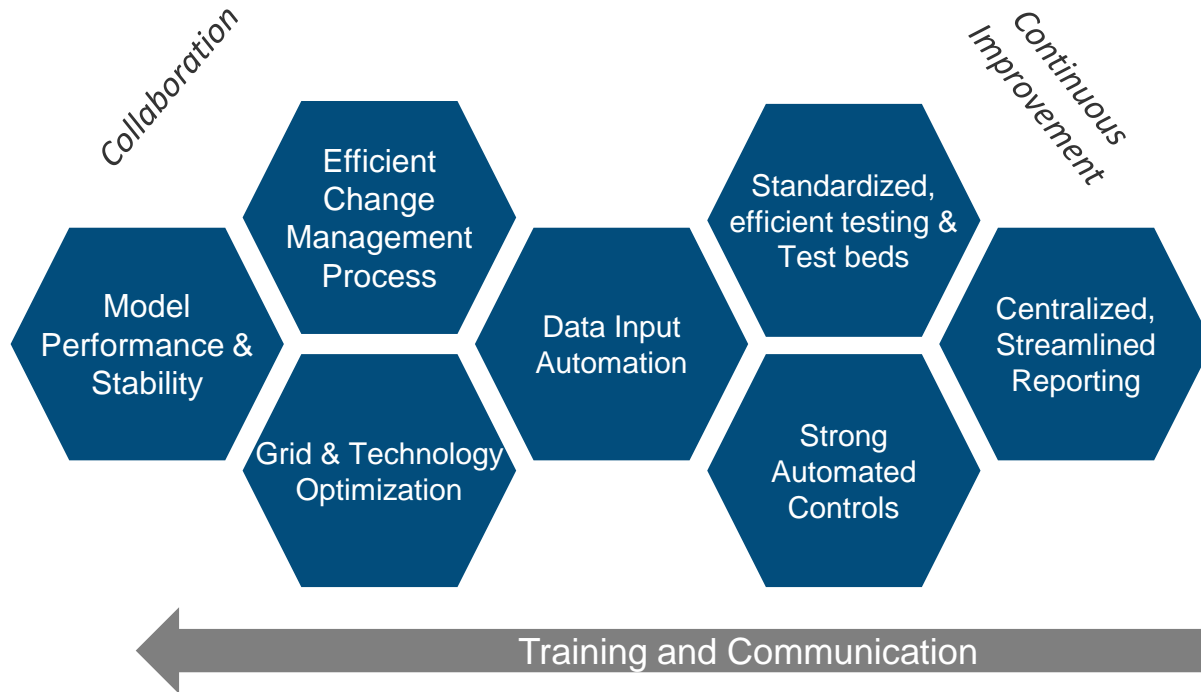


Target Operating Model



Modeling Ecosystem

A model is much more than the “model”

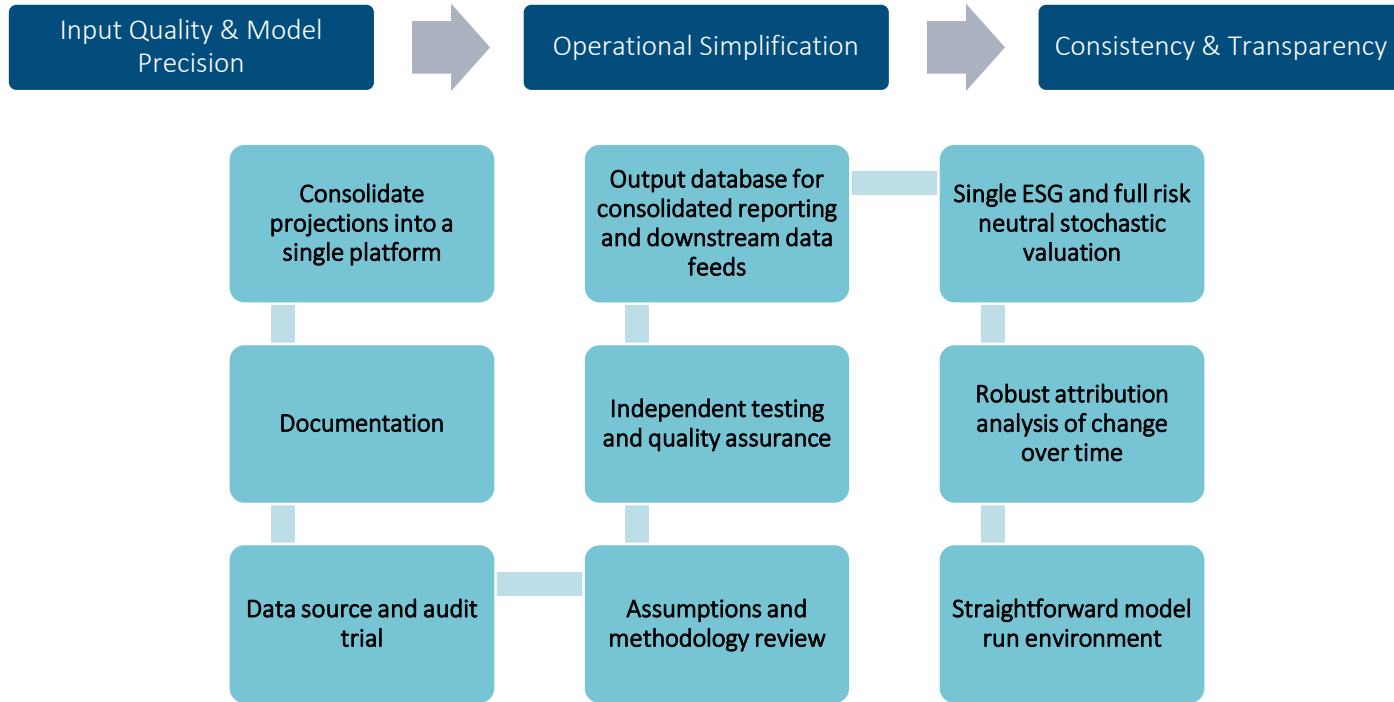


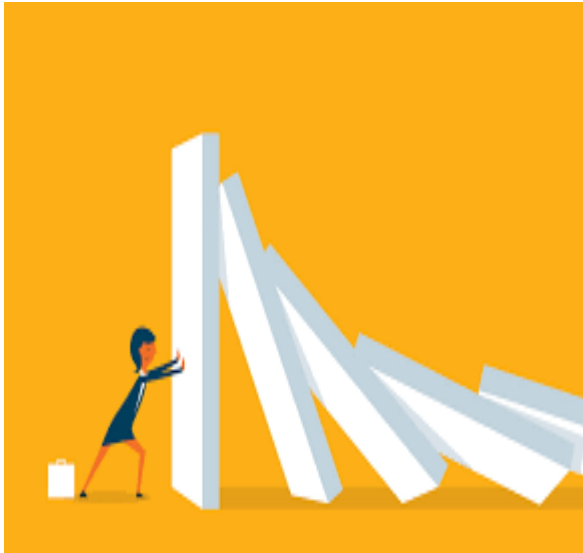
Considerations

- The end to end model development lifecycle;
- The ongoing production and operational process;
- Training and communication is an integral part of a healthy eco-system;
- The entire technology eco-system;
- A culture of collaboration and continuous improvement.

Governance and Financial Control

Valuation Platform Functionality and Benefits to Modeling Results

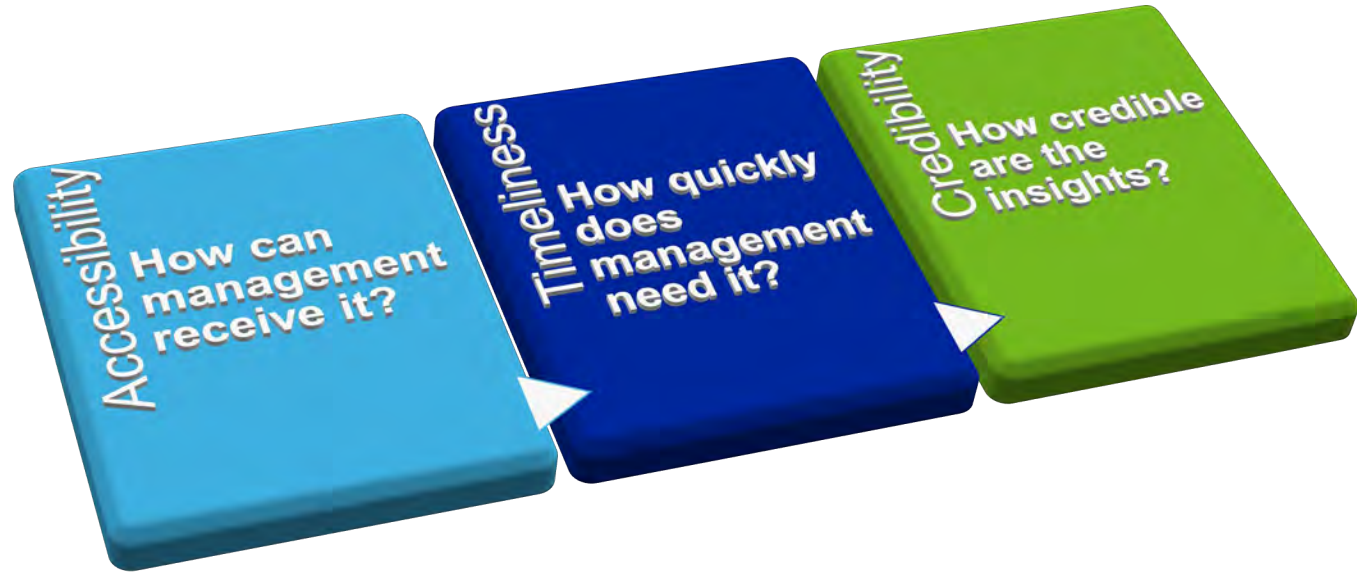




Hurdles and Lessons & Learn

Robust Bottom Up Forecasting Approach Still Cannot Meet Insurers' Needs...

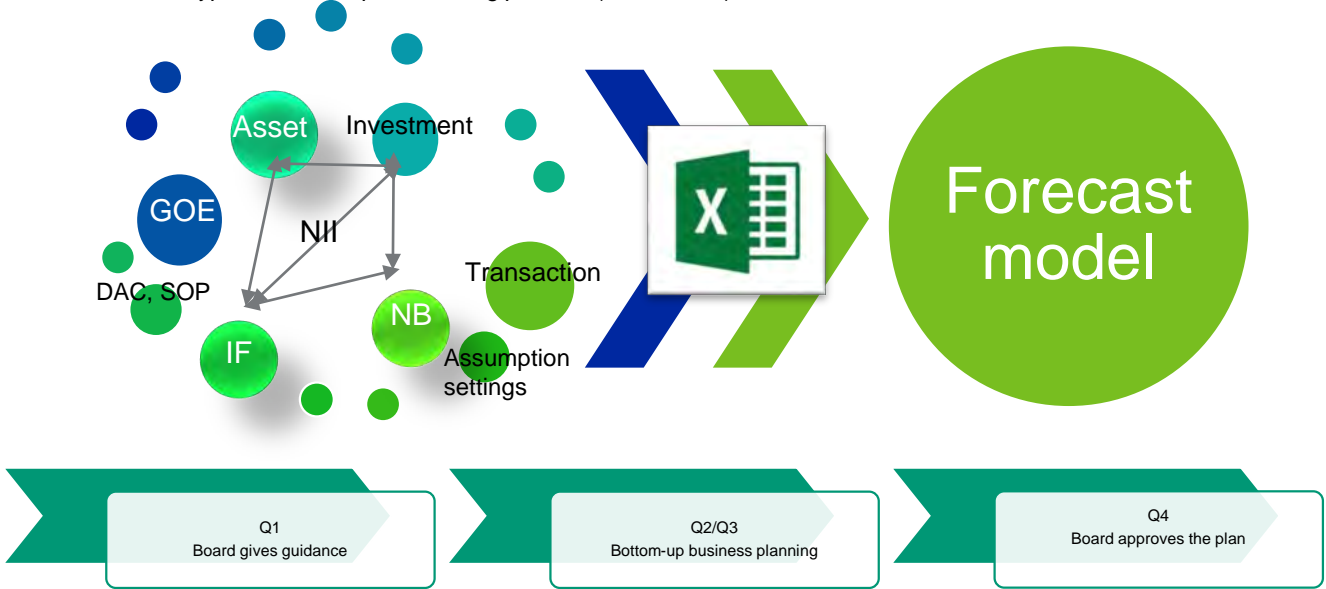
Challenging time for insures, greater demand for business insights



Fragmented Forecasting Processes

Without a strong ecosystem, even a robust bottom-up approach cannot meet insurer's needs

Illustration: a typical bottom-up forecasting process (1-3 months)

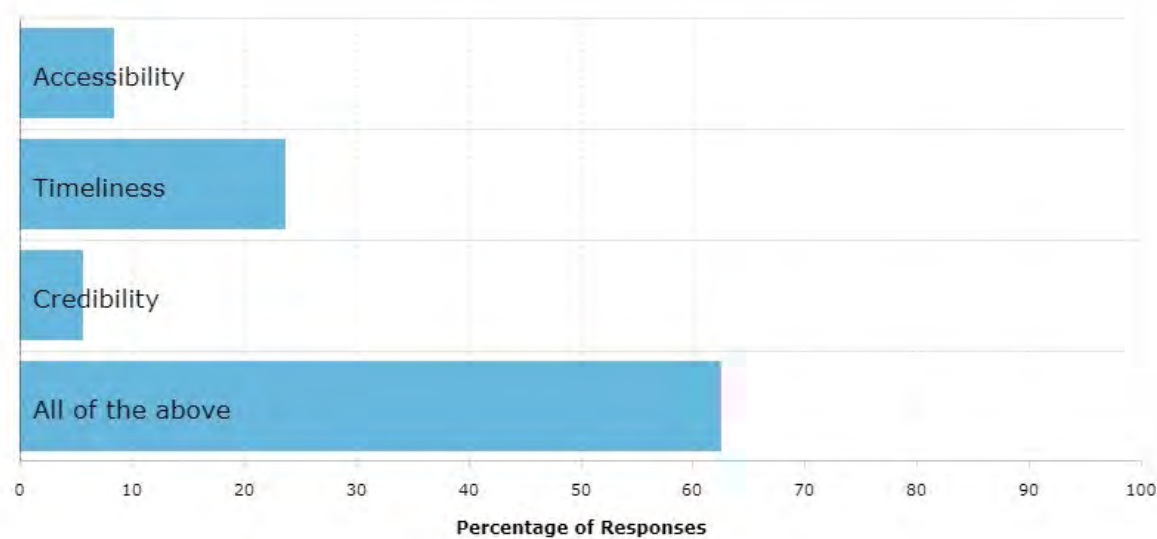


Polling: What Hurdles Are Preventing Your Senior Management Receiving Better Insight?

- A. Accessibility
- B. Timeliness
- C. Credibility
- D. All of Above



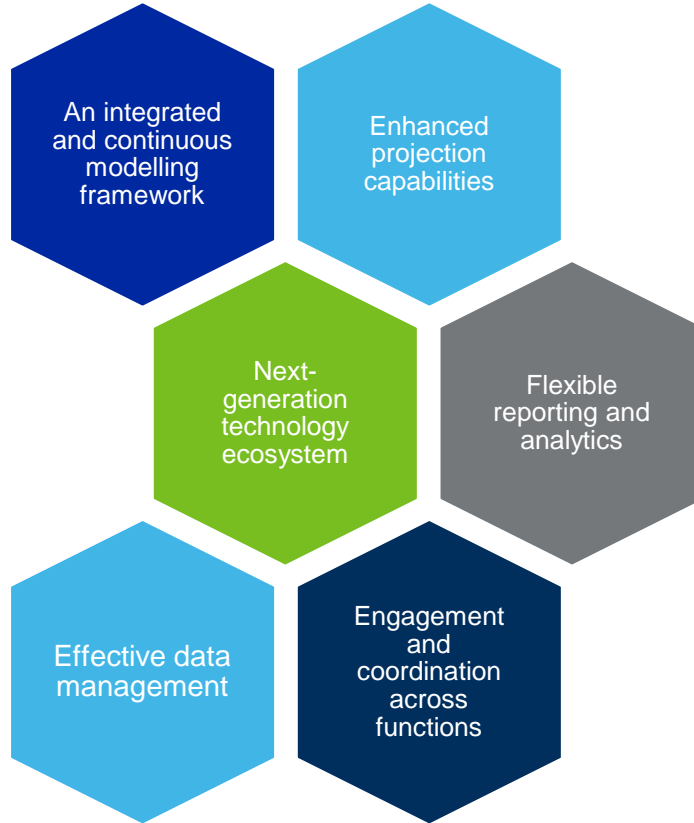
Poll: What hurdles are preventing your senior management receiving better insight?



Lesson Learned - The Role of Technology

- Technology is a critical enabler to creating a sustainable, scalable modeling operation
- The end to end technology platform to support the modeling capability is complex
- Engage IT up front and establish on-going partnership
- Define future state business requirements up front and align appropriate technology strategy
- Start small, develop incrementally with compatibility to vision
- Use prototypes to transition to production solutions
- Consider elasticity and scalability to provide flexibility for changing business needs
- Invest appropriately in technology
- Consider Dev, QA, Prod and Disaster Recovery

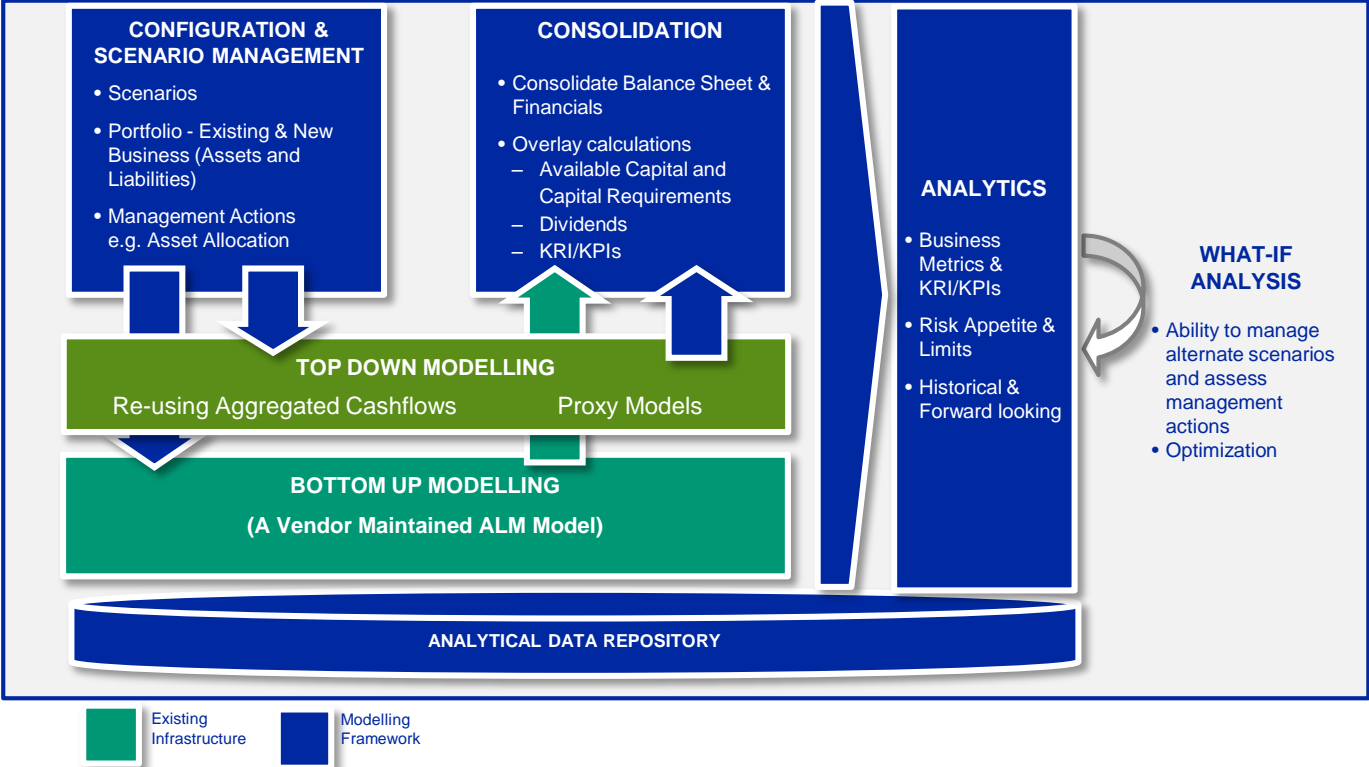
Summary of Leading Practices





**Continue Search Of Smarter
Approaches**

Enhanced Modelling Framework and Analytics In an Integrated Ecosystem

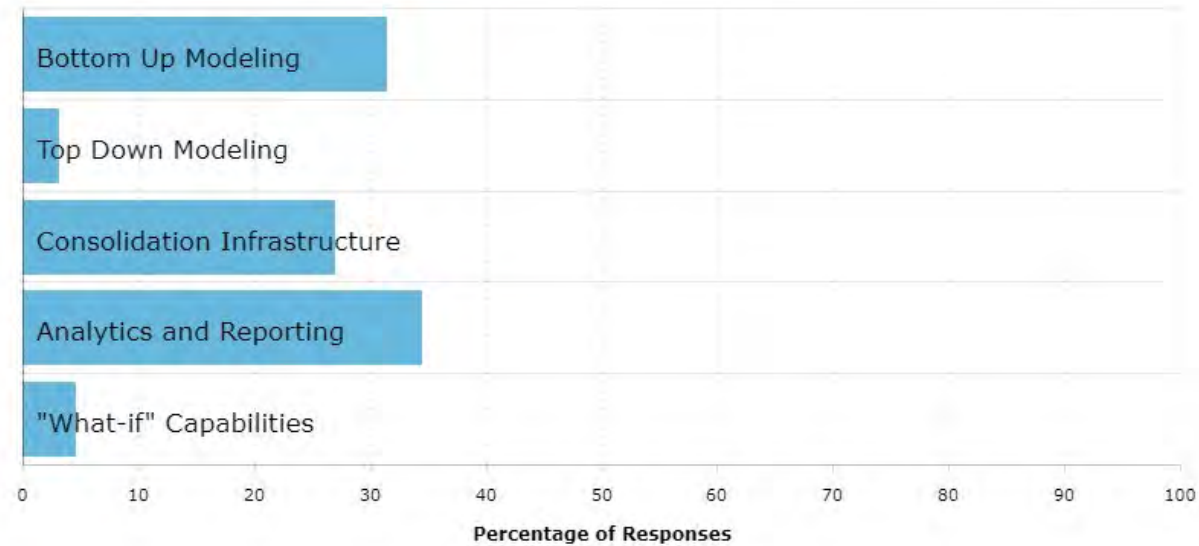


Polling: Where Is Your Company Making Primary Investment Towards End State?

- A. Bottom Up Modeling
- B. Top Down Modeling
- C. Consolidation Infrastructure
- D. Analytics and Reporting
- E. “What-If” Capabilities



Poll: Where is your company making primary investment towards end state?



SOCIETY OF ACTUARIES

Antitrust Compliance Guidelines

Active participation in the Society of Actuaries is an important aspect of membership. While the positive contributions of professional societies and associations are well-recognized and encouraged, association activities are vulnerable to close antitrust scrutiny. By their very nature, associations bring together industry competitors and other market participants.

The United States antitrust laws aim to protect consumers by preserving the free economy and prohibiting anti-competitive business practices; they promote competition. There are both state and federal antitrust laws, although state antitrust laws closely follow federal law. The Sherman Act, is the primary U.S. antitrust law pertaining to association activities. The Sherman Act prohibits every contract, combination or conspiracy that places an unreasonable restraint on trade. There are, however, some activities that are illegal under all circumstances, such as price fixing, market allocation and collusive bidding.

There is no safe harbor under the antitrust law for professional association activities. Therefore, association meeting participants should refrain from discussing any activity that could potentially be construed as having an anti-competitive effect. Discussions relating to product or service pricing, market allocations, membership restrictions, product standardization or other conditions on trade could arguably be perceived as a restraint on trade and may expose the SOA and its members to antitrust enforcement procedures.

While participating in all SOA in person meetings, webinars, teleconferences or side discussions, you should avoid discussing competitively sensitive information with competitors and follow these guidelines:

- **Do not** discuss prices for services or products or anything else that might affect prices
- **Do not** discuss what you or other entities plan to do in a particular geographic or product markets or with particular customers.
- **Do not** speak on behalf of the SOA or any of its committees unless specifically authorized to do so.
- **Do** leave a meeting where any anticompetitive pricing or market allocation discussion occurs.
- **Do** alert SOA staff and/or legal counsel to any concerning discussions
- **Do** consult with legal counsel before raising any matter or making a statement that may involve competitively sensitive information.

Adherence to these guidelines involves not only avoidance of antitrust violations, but avoidance of behavior which might be so construed. These guidelines only provide an overview of prohibited activities. SOA legal counsel reviews meeting agenda and materials as deemed appropriate and any discussion that departs from the formal agenda should be scrutinized carefully. Antitrust compliance is everyone's responsibility; however, please seek legal counsel if you have any questions or concerns.

Presentation Disclaimer

Presentations are intended for educational purposes only and do not replace independent professional judgment. Statements of fact and opinions expressed are those of the participants individually and, unless expressly stated to the contrary, are not the opinion or position of the Society of Actuaries, its cosponsors or its committees. The Society of Actuaries does not endorse or approve, and assumes no responsibility for, the content, accuracy or completeness of the information presented. Attendees should note that the sessions are audio-recorded and may be published in various media, including print, audio and video formats without further notice.



**SOCIETY OF
ACTUARIES®**