



Guidewire Predictive Analytics for Profitability

Maximizing Revenue and Improving Profitability

DATA SHEET

Overview: Enhancing Pricing Precision

The insurance industry is facing significant new challenges. Escalating claims costs, low interest rates, volatile investment markets, and regulatory compliance are driving insurers to seek new strategies to sustain value for their stakeholders. However, even small improvements in rating and pricing can have a dramatic impact on profitability.

The determination of premium rates has always been an area requiring vast amounts of data and deep insurance expertise supplied by actuaries and actuarial techniques. Today, rapid advances in technology and advanced analytics are providing an opportunity for insurers to take this discipline and knowledge to the next level.

Predictive Analytics for Profitability at a Glance

Guidewire Predictive Analytics for Profitability™ is an advanced analytical solution designed specifically for the insurance industry. This end-to-end solution streamlines the predictive analytical process by combining data integration and preparation, advanced analytics, model deployment, and monitoring into one integrated software product. It empowers insurers to turn the growing volumes and varieties of data into actionable insights so that they can make data-driven decisions—in real time—throughout the insurance life cycle.

Increasing Rating Granularity

Multiple factors determine premium rates, and with the emergence of big data, insurers are introducing new, innovative rating structures. Although there are many obvious risk factors that affect rates, subtle and non-intuitive relationships can exist among variables that are difficult if not impossible to identify without applying more sophisticated analyses. Guidewire Predictive Analytics for Profitability provides advanced analytics and machine-learning techniques to generate more accurate pricing models.

PRODUCT HIGHLIGHTS

- Full support for predictive analytical model life cycle
- Data access and preparation
- Model development with insurance-specific machine-learning algorithms
- Model selection and scoring
- Seamless model deployment
- Real-time analytics with core systems integration
- Monitoring and tracking of model performance

KEY BENEFITS

- Increasing rating granularity
- Quickly implementing rate changes
- Performing business impact analysis
- Continuously monitoring model performance
- Price optimization

Quickly Implementing Rate Changes

Insurers are aware that pricing is a vital strategy in driving profitable growth. Competition is forcing insurers to adjust premium rates more frequently to retain existing customers and attract new business. Yet for many insurers it can take weeks (if not months) to implement a new rating structure. Guidewire Predictive Analytics for Profitability streamlines the analytical life cycle by deploying predictive models to core transactional systems at the click of a button.

Performing Business Impact Analysis

Business impact analysis incorporates information about how customers and prospects react to price and predictive models before they are implemented. Product managers must quickly analyze how different predictive models will affect direct written premium, loss ratios, and other key performance indicators. Guidewire Predictive Analytics for Profitability enables business users to drill down into the model to understand how it performs for a particular segment or line of business to best match a company's growth and profitability objectives.

Continuously Monitoring Model Performance

The effectiveness of predictive models deteriorates over time. A specific pricing strategy that is judged to be optimal at a certain time will sooner or later lose its validity. As business conditions change, new market data is collected, and customer demographics shift, it becomes necessary to continuously assess the health of the model. Guidewire Predictive Analytics for Profitability enables insurers to respond rapidly to changing market conditions by monitoring, quickly retuning the model, and promptly deploying the new model into production.

Price Optimization

Price optimization—especially in lines of business where price is a key differentiator, such as auto, home, and some commercial lines—represents the future for insurance. It determines the best ratemaking strategy for achieving your company's specific business goals by incorporating data related to operating costs, consumer buying behavior, and the competitive environment into your pricing models. Guidewire Predictive Analytics for Profitability leverages sophisticated analytical technology to support real-time analytics and price optimization to increase rating accuracy and improve profitability.

About Guidewire

Guidewire delivers the software that Property/Casualty (P/C) insurers need to adapt and succeed in a time of rapid industry change. We combine three elements – core operations, data and analytics, and digital engagement – into a technology platform that enhances insurers' ability to engage and empower their customers and employees. More than 260 P/C insurers around the world have selected Guidewire. For more information, please visit www.guidewire.com and follow us on twitter: @Guidewire_PandC.