

How Milliman improved a regional carrier's combined ratio by 30 points through rating plan modernization

CLIENT

Regional homeowners insurance company

INDUSTRY

Property & casualty

CHALLENGE

A regional homeowners insurance company was facing adverse selection from an outdated homeowners product that lacked the pricing sophistication compared with other competitors in the market. This was leading greater losses in more catastrophe prone areas and profitability challenges for the company.

APPROACH

Deploying Milliman's Product Development as a Service (PDaaS) solution, we modernized a carrier's homeowners insurance product. Our team developed a multi-variate risk segmentation model to create a by-peril homeowners rating algorithm that enabled sophisticated underwriting, risk segmentation, and rating. We incorporated competitive market intelligence to update the coverage forms to meet evolving consumer needs. Leveraging Milliman's regulatory expertise, we prepared comprehensive filing support and navigated efficient state approvals.

IMPACT

Milliman's PDaaS techniques and regulatory expertise enabled an expedited product development and regulatory review timeline. Milliman's sophisticated ratemaking techniques and marketing intelligence enabled a successful product launch with unprecedented profitable growth. Since rolling out the new insurance product across multiple states, the insurance product, the regional insurance carrier has experienced record-breaking premium written and a 30-point improvement in combined ratio.



As part of an overhaul of the homeowners product, we developed a new risk segmentation model to better align rate to risk and modernized policy contract forms to better address evolving consumer coverage needs.