

How Milliman improved a regional carrier's combined operating 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A regional homeowners insurance company was facing adverse selection from an outdated homeowners product that lacked the pricing sophistication compared with other competitors in the market.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

As part of Milliman Product Development as a Service (PDaaS), we made several changes to the carrier's homeowners program. We developed a multi-variate modeling technique to support a sophisticated, by-peril homeowners rating algorithm for the company to be used with a new homeowners product. Milliman also used advanced ratemaking techniques, such as those that more adequately reflected the company's catastrophe exposure. Milliman developed the forms and policy contracts for the new homeowners product to ensure alignment between the coverage provided by the forms and the underlying rates for this new program. Milliman then produced comprehensive filing support and worked with the company to receive approval to launch the new program in states with rigorous regulatory environments.

IMPACT

Milliman coordinated with the regulators reviewing the filing for the new homeowners product to allow the regulators to approve the filing on a more expedited timeline. After the launch of the new product, the regional insurance carrier experienced record-breaking premiums written and an improvement in their combined operating ratio of 30 percentage points.



As part of an overhaul of the homeowners product, we deployed a new modeling and advanced ratemaking techniques, and better aligned forms and contracts with rates.

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