



Upping the pricing ante in the life insurance market

Case Study

The Client Challenge

As has already occurred in large swathes of the property and casualty market, life insurers face increasing demands from digitalization for faster, more personalized pricing as part of an all-round better customer experience. A major U.K.-based insurer wanted to position itself strongly. It initially focused on its large protection book in which the company had experienced and addressed reducing profit margins in some lines of business and where legacy systems and inflexible processes meant that price changes could take up to six weeks to implement.

Our Solution

In two separate projects, Willis Towers Watson helped the client transform pricing in its protection business using the Radar software suite as the basis for introducing agile and optimized pricing. We worked with the pricing and IT teams to set up Radar Live as the rating engine and in doing so met its key requirements of enhanced, more granular pricing, flexibility to change rates quickly, strong governance and real-time quote processing.

For the optimization work, we used our Emblem and Radar Base software to build demand and price elasticity models based on the client's existing customer quote and policy conversion data, segmented by characteristics such as distribution channel, sum assured and age. After the results were reviewed and integrated into the client's Radar suite, we trained in-house staff in the software and analytics techniques in order to meet the client's wish to take control of decision making, and to make evidence-based, value-adding pricing changes, in line with the client's business objectives and pricing principles.

The Outcome

Rather than taking six weeks, the property and casualty insurer has seized a competitive advantage by being able to make price changes in under a day, while simultaneously gaining the ability to amend rating structures and add pricing factors without the need for any IT build. With the added capability of being able to assess the predicted impact of any proposed price changes in detail, allowing for a greater emphasis on differential pricing by distribution channel, the client now fully "owns" the optimization process. The real financial benefits: The company's first, relatively cautious pricing change led to an increase of 3% in new business value, with further increases in value following.

Further information

For more information please contact insurer.solutions@willistowerswatson.com

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About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.