

BUSINESS INSURANCE

WORLD

CAPTIVE FORUM

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BOCA RATON RESORT & CLUB, FLORIDA

Benefits Data: Key Issues

Getting good, consistent data from countries around the globe is one of the selling points for establishing a captive, but what is the reality?

- What data is available?
- How do captives use that data?
- What are the new developments in the area of captive information and analytics?
- What is the long-term outlook?

Benefits Data: The Experts

David Arick, Assistant Treasurer, Global Risk Management, International Paper

Kathleen Waslov, Sr. Vice President, Global Captive Practice, Willis Towers Watson

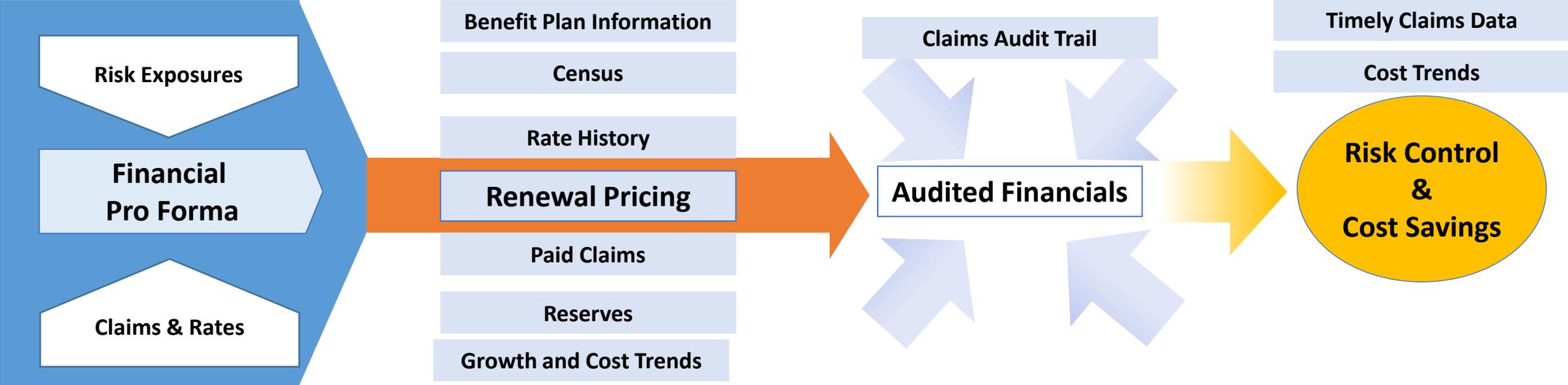
Vittorio Zaniboni, Chief Technical Officer, Generali

Introductory Panel Question

How does data influence the way you manage your business and create value for clients and stakeholders?

Benefits Data: Need & Value

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Question 1

Can EB captives set rates for local policies?

- Captives want to set rates, but also need to comply with transfer-pricing and tax regulations
- Expect to have to follow OECD's "Base Erosion and Profit Shifting" model regulations
- Can rely on network's commercial rate recommendations
- Can adjust at the global level based on entire portfolio risk

Question 2

How can a captive accept risk when exposure and claims data is scarce or non-existent?

- Many captive contracts insure a small non-credible pool of risks.
- At start-up, captive programs often have little or no historical claims data.
- Actuarial rating tables are not available for all countries.
- Can rely on network underwriters and their manual rates until experience develops.
- Can limit risk assumption and consider purchase of reinsurance.

Question 3

How can a captive set reserves without complete exposure and claims data?

- Captives often lack the data and assumptions to review long term disability and spousal annuity case reserves
 - IBNR estimates require paid claims by date of loss
 - Reporting lags and missing data
 - GAAP accounting requires best-estimate basis, with no margins
- Connect local actuarial colleagues to local carrier actuaries to source the detail.
- Monitor premium and loss ratios against expected to detect missing or late-reported claims.
- Explain to auditors how data issues impact reserve estimates.
- Making progress industry-wide to supply detailed claims data.