



RISK CLASSIFICATION

Proposed Data Call

NAIC Property and Casualty (C) Committee Hearing
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American Insurance Association
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FRAMEWORK - REVIEWING DATA CALLS

ADMINISTRATIVE DECISIONS

Specific proposal

Alternatives

DATA CONCERNS

Input: Gathering
Stage w/ Insurer

Output: Analysis
Stage w/ Regulator



DATA CONCERNS

COMPARABILITY

Assumptions

Definitions

PRACTICAL LIMITS

GIVEN MODERN
SOPHISTICATION

Isolating Impact &
Interactions

Storage &
Reprocessing



DATA COMPARABILITY

ASSUMPTIONS

“All things being equal”

Without providing some common assumptions, inconsistent insurer interpretations jeopardize validity of regulators' conclusions



DATA COMPARABILITY

DEFINITIONS

Median Value

Renewal

Other

Without providing some standard definitions or approaches, inconsistent insurer interpretations jeopardize validity of regulators' conclusions



PRACTICAL LIMITS / SOPHISTICATION

INTERACTIONS

Historically – One-way approach

Change – Multivariate approaches

Relationship between independent variables may not always be constant

Ex: Age and gender

Competitive advantage

Problem isolating impact



PRACTICAL LIMITS / SOPHISTICATION

ISOLATING IMPACT

Interactions

Relativities

Vehicle vs. policy level data

Coverage vs. policy level data



PRACTICAL LIMITS / SOPHISTICATION

STORAGE & REPROCESSING



CONCLUSION

Given

Significant data challenges

Input consistency

Output value

Administrative decisions

Existing/Available tools/resources

AIA urges the (C) Committee not to consider moving forward with this data call