The state of the industry
The insurance industry is facing change on an extraordinary scale. A greater emphasis exists on sharing and utilizing insights gained from data and analytics across the entire organization. The pace of business is considerably quicker. Insurers need to balance improved profitability with the demands of regulatory change and shifting customer expectations.

As a result, what does the insurance marketplace look like today?

• Insurers in all fields are making strategic investments to improve the management of financial results, pricing, underwriting, asset-liability management, and enterprise risk management.

• After decades of mergers and consolidation, insurance companies are realizing that patchwork systems and processes are widely unsustainable and should be reengineered and streamlined.

• Advances in risk management and product innovation continue to drive the need for efficient end-to-end data processes to ensure management has timely and actionable information.

Modernizing the actuarial function
Insurers are recognizing the value that actuaries can add to their organizations. Management teams have a unique opportunity to maximize an existing capability that can generate significant value and provide a competitive advantage. However, in order to realize their full potential and the important role actuaries can play as strategic business partners, organizations should look for ways to provide their actuarial function transformed and enhanced capabilities in order to capitalize on the strategic business insights and decision-making possessed by actuaries.

Actuarial Modernization can help insurance organizations assess and transform their processes, systems, and people. Actuarial Modernization helps design and implement
changes to the actuarial function for both centralized and decentralized models. Done hand-in-hand with senior management, Actuarial Modernization can ultimately improve the overall value of the actuarial function as an important player in business and finance decision making.

Actuarial Modernization triggers
- Regulatory tax and reporting changes
- New valuation system implementation or upgrade
- Renewed focus on risk management
- Reduction of financial restatements, delayed filings, and material weaknesses
- Management and cultural change
- Major shift in business strategy or organization
- Actuarial/finance cost reduction initiatives
- Actuarial systems conversion and consolidation

A bread approach
Actuarial Modernization is composed of multiple components which, when applied in concert, can drive robust efficiencies across the organization. Deloitte’s approach to Actuarial Modernization is designed to deliver value by maintaining a sharp focus on how people, process, technology and the operating model encompassing these three elements interact throughout the actuarial function and how these interactions can be optimized to help actuaries serve as strategic business partners within their organization. It is no longer sufficient for the actuary to exclusively model and analyze. We recognize this paradigm shift and have designed our approach to help actuaries communicate with senior leadership in a language that can be understood by management. We help innovate the role of the actuary — enabling the actuary to provide business insights and value drivers for those decisions that matter most for their organizations. Deloitte’s approach to Actuarial Modernization focuses on more than just the actuarial function. We concentrate on how actuaries and actuarial analysis integrate with functions across the entire organization. Deloitte brings a deep team of actuarial, finance, technology, human resources, and strategy professionals on board for each engagement to help ensure that your company receives the most value from a holistic Actuarial Modernization solution.

Deloitte Actuarial Modernization:
The power of a market leader Deloitte is a market leader in finance transformation and ranked No. 1 globally based on revenue, as recognized by Kennedy Consulting Research. Over 65% of Fortune 500 companies have leveraged our Finance Transformation services. Members of our Actuarial, Rewards and Analytics team serve as advisors on actuarial and finance transformation engagements at financial institutions.

We understand the impact of an Actuarial Modernization is far-reaching, and are prepared to work with you for the long-term.

Actuarial Modernization service offerings
Deloitte offers a multidisciplinary approach across life, property and casualty, and health insurance, which enables us to provide clients with industry-leading insights to address the spectrum of important needs of today’s actuarial and finance functions including:
- Vision and strategy
- Technology and data solutions
- Operating model and governance
- Actuarial systems and processes

Vision and strategy
We help actuarial and finance executives work to become effective strategic leaders within their organization, starting with diagnostic techniques including:
- Actuarial focused financial transformation solutions labs
- Assessments of current state processes, data, systems, and governance deficiencies
- Maturity assessments and stakeholder analysis
- Scoping, planning (including optimization of data and analytics supporting planning), and business case development services, to make sure projects are effectively staffed and funded

Technology and data solutions
We help companies develop efficient end-to-end data processes, with a focus on ensuring that data is timely, relevant, and appropriate for management to make decisions. Our tailored solutions include:
- Actuarial data warehouse implementations
- Implementation of management reporting and analysis tools
- Integration of actuarial and enterprise information technology functions
- End-state data and input strategy and high-level design

Operating model and governance
We help actuaries develop an operating model that appropriately integrates and communicates with the rest of the organization, while encouraging adequate governance. The services we offer to achieve these types of sustainable improvements include the following:
- Organizational benchmarking
- Operating model assessment and redesign
- Committee structure establishment
- Governance standard implementation (e.g., model, process, data, assumption)

Actuarial systems and processes
Our extensive actuarial system experience can help your organization maintain and/or develop industry-leading models and processes. In order to realize the desired future-state vision, we will work together to tailor the following services for your need:
- Actuarial model architecture design and review
- Actuarial model validation
- System selection and implementation
- Process reengineering, optimization, and automation

We understand the impact of an Actuarial Modernization is far-reaching, and are prepared to work with you for the long-term.
Contacts

If you would like to learn how your organization could benefit from Deloitte’s Actuarial Modernization services, please contact us today.

Matthew Clark, FSA, MAAA, CERA, CFA
US Actuarial Modernization Leader
Deloitte Consulting LLP
+1 312 486 0185
matthewclark@deloitte.com

Jason Morton, FSA, MAAA
US Life Actuarial Modernization Leader
Deloitte Consulting LLP
+1 612 397 4084
jamorton@deloitte.com

Bruce Fell, FCIA, MAAA, CERA, CFA
US P&C Actuarial Modernization Leader
Deloitte Consulting LLP
+1 215 446 4337
brucefell@deloitte.com

Timothy Gustafson, FSA, MAAA
US Health Actuarial Modernization Leader
Deloitte Consulting LLP
+1 312 486 2265
tigustafson@deloitte.com

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2014 Deloitte Development LLC. All rights reserved.
Member of Deloitte Touche Tohmatsu Limited