

Actuarial

**Actuarial Systems
Implementation & Change
Management**

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Chuck Coatsworth, Milliman, Inc.

Gwen Hart, CNA



16th Annual Intercompany Long Term Care Insurance Conference

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Mission Demands



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Mission - System Transformation



- Model conversion
- Industrialization
- Governance and control
- Organizational structure

Mission 1 – Model Conversion



- Logic/build
- Inforce
- Scenarios
- Assumptions
- Static validation
- Dynamic reconciliation
- Stress testing

Mission 2 – Industrialization



- Individual model level
 - Modeling best practices
 - Cluster modeling
 - Polynomial fitting
- Distributive processing
- End-to-end automation

Mission 3 – Governance and Control



- Change management
- Structured model evolution
- Version control
- Data management

Mission 4 – Organizational Structure



- High value resources on high value work
- Model developers (non-actuaries)
- Production administrators (non-actuaries)
- Actuaries

- Management Groups



Questions

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Agenda



- Introduction
- Steps for Change
- Lessons Learned





Our Project

- Holistic Model
 - Valuation & Projections
- Moving from Claims Cost Model to a First Principles Model
- Data Driven





Project Planning

- Working Backwards
- Holistic View
- Resources
- Testing Plan





Preparation

- Design Specifications
- Gathering Data
- Experience Studies
- Setting up IT Environment
- Training





Implementation

- Coding
- Inventory Extract Development (inputs)
- Reporting (outputs)





Developing Controls

- Process Maps
- Technical & Peer Reviews
- Future Change Controls (setting up protocol)





Communication

- Buy in from Management
- Internal Customers (i.e. Finance)
- Approvals (internal & external)





Tracking Progress

- Project Management
- Flash Meetings
- Reporting out to Others





Testing

- Aggregate Level
- Seriatim Level
- Single Cell (i.e. audit trails, unit testing)
 - Assumptions
 - Algorithms





Documentation

- Initial
- Ongoing
- Final





Lessons Learned

- Planning
- Definition
- Communication
- Big Picture





Questions / Discussion

Thank You for your Participation!