

## **Pricing**

All products sold require an understanding of the sources of future costs and the alternative contingent events which arise. Whether the time-frame of the costs is short, such as Property or Homeowners, or 40 years or more for Workers Compensation, the pricing fundamentals are the same: understand and account for all of the sources of cost and risk over the relevant time horizon. Of course the role of historical data can't be overstated, but the knowledge of other sources of data on future costs may be needed to supplement the data in question to assist in forming the assumptions necessary for a suitable projection. Assisting management in understanding the implications of the pricing programs in the competitive marketplace is invaluable to making sound and profitable business decisions.

### **Issues:**

- Reliability of data
- Range of outcomes and sources of risk
- Understanding the impact of large claims
- Insured behavior as a result of experience rating, merit rating and dividend plans
- Cash Flows
- Profitability

### **Services:**

- Pricing - long tailed lines a specialty, including Workers Compensation
- Class Plans
- Dividend plans
- Rating plans
- Group pricing, cost and dividend allocations
- Commutations