

## Gary Knoble Receives Special Award; IDMA Announces New Gary Knoble Service Award at Annual Meeting

At the 2005 Annual Meeting of the Insurance Data Management Association (IDMA) on April 4, 2005 in Philadelphia, the Association offered evidence of the high regard in which Gary W. Knoble of The Hartford is held – with **two** honors.

To the applause – and a standing ovation – of the membership, Ed Marynowitz, IDMA 2004 President & 2005 Chairman of the Board, presented a walnut and bronze special award plaque to Gary Knoble “in recognition of his creativity, diplomacy, fidelity, and vision. Gary is a founder of the Association and has for more than 21 years worked through the Association to promote the highest standards of professionalism in insurance data management.”

Further, Ed announced the institution of an award – the Gary Knoble Service Award – to be awarded to the individual who has done the most to promote professionalism in Insurance Data Management.

The **Gary Knoble Service Award** was established in honor of Gary Knoble’s years of volunteer service to IDMA. The award is to recognize IDMA members who have made significant volunteer contributions to the data management profession, such as committee involvement, participation in IDMA meetings and seminars, involvement with data management activities with other organizations such as IASA, CAS, CPCU, LOMA, DAMA, or ACORD. The Board of Directors will name the recipient of this award, but any member may make nominations to the Board. The award will not necessarily be made each year. Congratulations on this well deserved recognition of Gary’s many contributions to IDMA.



In a unanimous show of respect and admiration, the IDMA membership gives Gary Knoble a standing ovation, approving of his award plaque and announcement of an award to be given in his name – the Gary Knoble Service Award.



**Gary Knoble of The Hartford, left, has held many key positions in IDMA throughout its history. He began as a Founder in 1984, progressed to the Vice-Chairmanship, then the Presidency, and was most recently the 2004 Vice President-International. Beginning now in 2005, he is IDMA’s Vice President-Professionalism. He is congratulated here by Ed Marynowitz, 2004 President and 2005 Chairman of the Board.**

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## NEW AIDM AND CIDM GRADS RECOGNIZED AT ANNUAL MEETING

At the April 4 2005 Annual Meeting, our newest graduates earned the applause of the membership as they received their certificates. We were expecting every one of this year's CIDMs to attend, for a first-ever all-hands-on-deck CIDM class. But Cathy Shuhart – who is generously contributing her time & effort to update IDMA 4 – ended up, as the line from “Jingle Bells” goes, in a drifted bank of snow! Happily no one was hurt in the mishap. Cathy is from Erie Insurance, and we are told that nobody in Erie, PA is surprised by spring snowstorms. Thanks, Cathy, for jumping in to volunteer on the curriculum project as soon as you'd graduated.

The other new Certified Insurance Data Managers were happily able to attend: Siu Chan, CIDM, Deborah Chiat, CIDM, and James Jarvie, CIDM, all of ISO, and Martin Heagen, CIDM, of the NY Compensation Insurance Rating Board. And, just so you know, Debbie Chiat had already helped on the IDMA 101 course, and James Jarvie is involved on 2 course updates and serves as a class facilitator at ISO for IDMA 4. There are

now 124 Certified Insurance Data Managers.

We never expected that all our new AIDMs would show up...after all, five of them are in Hefei, China (PRC)! But we were delighted to see those who could receive certificates in person: Jenny Baum Lewis, AIDM, Zenith Insurance; Rita Plavnik, AIDM, Nicolette Plummer Smith, AIDM, Thiem Truc, AIDM, all of ISO; and James Thiesen, AIDM, of CNA. AIDMs who earned designations this year but not attending: Su Bin, AIDM, Ling Chen, AIDM, Yun Deng, AIDM, Xujin Pu, AIDM, and Yanping Wu, AIDM, all five from the University of Science and Technology of China; Stacy A. Ducat, AIDM, Steven Eichman, AIDM, and Robert Wendricks, AIDM, all three of SECURA Insurance; William W. Miller, AIDM, of Great West Casualty; Michelle Purinton, AIDM, of Winterthur North America; David Thomas, AIDM, of Royal Specialty Underwriters; and Nicole Wolff, AIDM, of General Casualty Companies. There are now 123 Associate Insurance Data Managers.



IDMA officers and conferees at the Annual Meeting on April 4 include (L to R): Theresa Szwast, AIDM, of the National Independent Statistical Service and IDMA's Vice President-Education, Ed Marynowitz of the National Council on Compensation Insurance and IDMA's Chairman of the Board, James Theisen, AIDM, of CNA, Nicolette Plummer Smith, AIDM, of Insurance Services Office, Jenny Baum Lewis, AIDM, of Zenith Insurance, Martin Heagen, CIDM, of the New York Compensation Insurance Rating Board, James Jarvie, CIDM, Debbie Chiat, CIDM, Siu Chan, CIDM, Rita Plavnik, AIDM, and Thiem Truc, AIDM, all five from Insurance Services Office.



New grads flanked by Ed Marynowitz, Theresa Szwast. **Top Row:** Siu Chan, Debbie Chiat. **Second Row:** James Jarvie, Martin Heagen. **Third Row:** Jenny Baum Lewis, Rita Plavnik. **Bottom Row:** Nicolette Plummer Smith, James Theisen, Thiem Truc.

## Tom Nowak Receives the President's Award

The President's Award went to Tom Nowak on April 4, "in recognition of his continuing leadership in supporting the goals of IDMA, in shaping IDMA's campaign to increase professionalism and to acknowledge leaders in the Insurance Data Management discipline."

Tom Nowak, CPCU, CIDM, Regulatory Data Management Officer for the Domestic Brokerage Group, AIG, is a past president of IDMA, serves on the IDMA Board, and leads a major initiative of the Governance & Succession Committee to create a designation which will recognize career investment in the insurance data management discipline.

You will be hearing more about multiple ways we will be recognizing professionalism. Tom's initiative would recognize industry data managers for their long-term, ongoing commitment, with an honorary designation unrelated to educational requirements or certification. While the designation hasn't been given a name yet, "Fellow" or its close relative would be an appropriate honorific to use.

Tom brings clarity and creativity to the table whenever the Board meets. IDMA has long dedicated itself to the data management discipline without recognizing who the outstanding data managers have been. Sometimes the obvious needs to be pointed out...thanks, Tom.



**Tom Nowak (left) accepts the President's Award from 2004 IDMA President Ed Marynowitz.**

## Web Site Redesign Earns Bob Ridings the Founders' Award

Bob Ridings, Data Manager at The Westfield Group, and IDMA Board Member, received the Founder's Award "in recognition of his leadership in overseeing the redesign of the



**Bob Ridings (left) with Sal Eterno of Tokio Marine & Nichido and Ed Marynowitz, celebrates receiving the Founders' Award for his leadership of the committee that redesigned the IDMA web site.**

IDMA website." Bob led a committee to update and improve the IDMA web site, [www.idma.org](http://www.idma.org). At every coffee break during the seminar, IDMA members and their colleagues had an opportunity to play on the new web site at the IDMA booth. Judging from their appreciative applause when Bob received the award, they liked the redesign! You are encouraged to visit the new site.

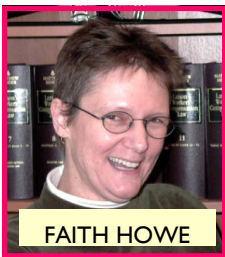
An oversight committee will assist in continuing content oversight. Features of the update: no content has been removed from the site; information has been grouped within logical categories on the left margin of the home page; the menu at the left margin remains accessible regardless of where you are in the web site; home page enhancements include highlights of IDMA activities and a reordering of the Value Proposition documents to enhance presentation; the Members Only section has more content; examination information available on the site is more extensive and includes an invitation to take exams via the Web, with a proctor; and, an On-Line Curriculum Material section has been added.

Bob and his committee have done excellent work; the award is well-earned.



## EDITORIAL STAFF CHANGES

Members of IDMA are grateful to Chris Jones, Tracy Spadola, James Viveralli, Carol Hill, Gerard Chiorazzo, and Jennifer Willford for their work on the *IDM Quarterly* since its inception in November 2003. Without their dedication and Chris's leadership, the *IDM Quarterly* would still be just a concept. Chris, who has been Editor of *IDM Quarterly*, turns over the reins to Marty Frappolli, beginning with this issue (though he remains on the IDM staff). Richard Penberthy, James Viveralli, Gerald Chiorazzo, Tracy Spadola, and Carol Hill also return for another tour of duty. Welcome to our newest editorial staff members, Aimee Siliato and Faith Howe!



FAITH HOWE



CHRIS JONES



AIMEE SILIATO

## SUMMER 2005 CONTEST

Your Challenge:



### Puzzler for Spring 2005

A prize will be awarded to the randomly-drawn person among the first ten who solve the question correctly. You may only guess one time for each contest and you can only win two times in a given calendar year. The correct answer will be published in the following issue. This quarter's prize is a \$10 gift card from Amazon.com.



Thanks to Moshe Hauben, who suggested this quarter's short but baffling puzzler.

What's the next number in the following sequence:

**18, 46, 94, 63, 52, \_ ?**

Please email your answers to



[Frappolli@cpcuiia.org](mailto:Frappolli@cpcuiia.org)

## The Trip from President to Chairman

Changes to the Bylaws passed at the Annual Meeting reconfigured the structure of IDMA so that a Board (with responsibility for strategy) was established as a separate entity from the Executive Committee (responsible for operations). With this change, the immediate past president, Ed Marynowitz (below, left), takes on a new task for the coming year – that of Chairman of the Board. In presenting the appreciation, Richard Penberthy, Executive Director, took the opportunity to also note Ed's extraordinary contribution in conceiving the one-day *Data Management for Insurance Professionals* classes. These classes have been very successful over the past two years. They are taught by a group of volunteer faculty whose dedication is laudable and whose evaluations have been outstanding.



## Tracy Pelkey Wins Spring Contest

**Congratulations to Tracy Pelkey of Liberty Regional Agency Markets for winning the Spring puzzler and a \$10.00 gift card for Amazon.com.**

From the first ten correct responses, Tracy's name was randomly drawn as the winner. The question was:

*A father, son and grandson are walking in the park. A man approaches them and asks for their age.*

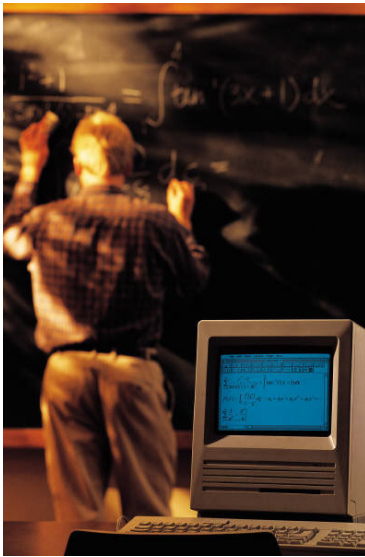
*The father replies, "My son is as many weeks old as my grandson is in days, and my grandson is as many months old as I am in years. We are all 100 years old together."*

*How old were each?*

**The answer: Father-60; Son-35; Grandson-5**

## One-Day Class on Data Management for Insurance Professionals

Developing and updating the IDMA curriculum is of paramount importance in our educational mission. The four certification courses were until just a couple years ago the only text-based form of education we had created and promoted. Of course, there were always the forums – roundtables, symposia, and seminars, with their immediate impact – to keep the fans of real-time communication happy. But then, a new course came on the scene, an overview course about our discipline, *Data Management for Insurance Professionals* (DMIP). And, it too was conceived as a self-study course.



Happily, and just about concurrent with the introduction of that course, came the initiative to produce facilitator's guides for all the courses (see *IDM Quarterly*, Vol. 1, Issue 2, available at [www.idma.org](http://www.idma.org), for more). Volunteer facilitators, using those guides, could lead a study group or class to success with the exam. Voila – a hybrid: the self study course that could also serve as the basis for real-time discussion. Those groups meet, usually weekly, in the students' own shops so the combination of self-study

and face-to-face discussion have a set schedule – very helpful to maintaining forward motion in coursework. The result is an impressively improved success rate for students who participate in facilitated study groups.

Last year in February another forum for presenting the material came into being when the National Council on Compensation Insurance (NCCI) offered a full-day, facilitated class in the DMIP course. This was, as the lyrics go, “the start of something big.” The whole idea was to get the books into the hands of data managers who might have been timid about studying alone or even in a study group. They were invited to study the book, register to take the exam, attend the one day of instruction, and enjoy a 99-day limited membership in IDMA – including access to the Members Only section of the web site, which includes the IDMA Inventory of Carrier Reports, and the monthly newsletter *Executive Data Management Information Service* (EDMIS). The pitch went, “99 dollars for 99 days”. Since the book normally costs \$75 and the exam registration is normally \$50, this represented quite a deal! Not only would there be a \$26 savings on the book and exam, but the instruction and the 99-day membership were included!

This format has been doubly excellent – 1) right to the core of the educational enterprise: literally hundreds of students

now have a vastly improved understanding of insurance data management, and 2) after enjoying the course and 99-day memberships, many students have joined IDMA as fully-participating individual members. The course has been offered in several locations in the past 15 months, sponsored by several organizations, including: ACORD, AIG, NCCI (twice), National Independent Statistical Service, Inc. (NISS), and most recently by Allmerica.

Each episode of this class requires the work of planners and project managers, of course, most of whom do their work without even letting us know who they are. We owe them a debt of gratitude.

We also have some heroes. Every one of these events requires three instructors. They are volunteers who have worked to become familiar with the material, who have developed their presentations – face-to-face and on Webex – with the input of other instructors, who have negotiated time away from their jobs, who have, besides travel time, sometimes had to spend a night away from home in order to be on site for their class the next day, who have brought the face and voice of experience to the pages of the course, who have sought evaluations and adjusted their delivery accordingly, and who have tailored their instruction for time and emphasis when required. They are, to repeat, all volunteers. Here's the list: Jerry Chiorazzo, CIDM, of AIG, Larry Gehrke, CIDM, of CNA, Jill Goermer of NCCI, Moshe Hauben of ISO, Carol Hill, AIDM, of The Hartford, Faith Howe of IAIABC, Tom Nowak, CIDM, of AIG, Christine Siekierski of WCRB, and Priscilla Willame of NCCI. Many, many thanks!



### More Heroes Needed

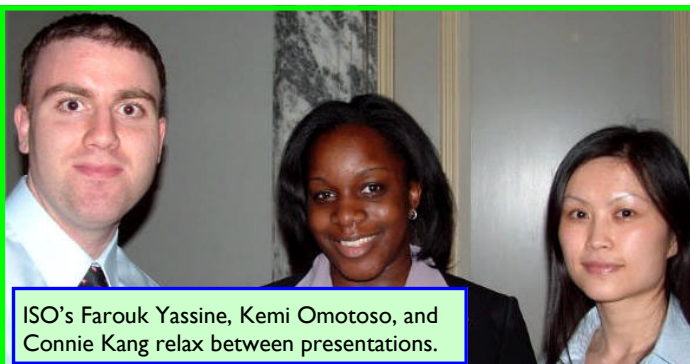
As you can imagine, we could honor more requests for these classes if we had more volunteers.

If you would like to join this group of instructors, or if you would like to explore having a one-day class presented at your event or your headquarters, contact Richard Penberthy.

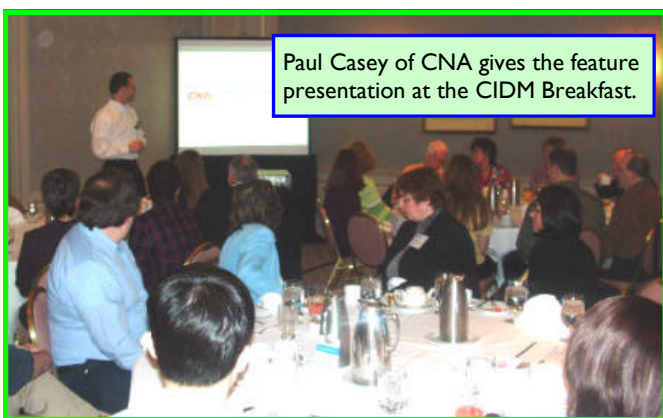
## MORE SCENES FROM THE ANNUAL MEETING



Exhibitors Loretta O'Connor of DataFlux, Becky Prosser of Innovative Systems, Harry Carter of DataFlux, and Rod Travers of Nolan Company at the Monday night reception.



ISO's Farouk Yassine, Kemi Omotoso, and Connie Kang relax between presentations.



Paul Casey of CNA gives the feature presentation at the CIDM Breakfast.



Hosting visitors at the IDMA booth: Sondra Mattke, AIDM, Federated Mutual; Priscilla Willame, NCCI; Chris Jones, CIDM, NJM Group & IDMA President; Christine Siekierski, Wisconsin Compensation Rating Bureau.



Shari Abramowitz, Tommy Katopodis, and Michele LaMacchia of ISO's Data Collection and Quality Assurance division enjoy a break between sessions.



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4

1. Steve Hice, AIG, Paul Casey, CNA. 2. Rob Stroup, Ohio Ins Dept, chats with keynote speaker NJ Ins Commissioner Don Bryan. 3. Tom Redman, Navesink, closing session speaker. 4. Pat Saporito, CPCU, of Teradata, a Division of NCR, speaks on 3rd party data. 5. Theresa Szwast with Cathy Chatfield of Great American. 6. Larry Gross of ISO, with Stan Pittman and Steve Skowronski of Smart & Associates.



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**IDM Quarterly**

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## IDMA 2005 Seminar Roundup

IDMA's April 4-5, 2005 Seminar was a resounding success. We thank our wonderful presenters for a fine job: ratings soar into the excellent range for this event. Any visuals which presenters have sent us are available to members, in PDF format, on the Members Only section of the IDMA website at <http://www.idma.org>. We also introduced our newly redesigned web site at the Seminar.



On Monday night, April 4, at the Annual Meeting, we graduated more CIDMs & AIDMs, we changed Bylaws to restructure committees, and we elected new officers and committee members. Minutes of the 2005 Annual Meeting are available in the Members Only section of the IDMA website.

### Governance & Succession Changes

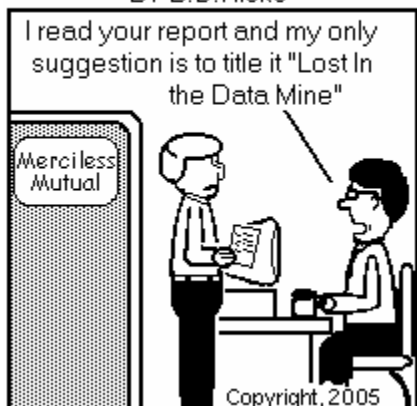
In order to facilitate progress and ensure adequate oversight of the Association's growth, a Governance and Succession Committee was appointed at the Strategic Planning Meeting last October. They developed a proposal which included

several changes; at the 2005 Annual Meeting of the Association, the Membership voted to accept the proposal to change IDMA's governance and committee structure. Officers and Committee members were also elected. Here's a summary:

- 1) There are now six vice presidents with specific portfolios. They are Arthur Cadorine of ISO as VP-Administration; Theresa Szwast, AIDM, of NISS as VP-Education; Peter A. Marotta, AIDM, of ISO as VP-Emerging Data Management Issues, Aimee Siliato of ISO as VP-Marketing, Dallas Dawley, AIDM, of The Hartford as VP-Practice Development; and, Gary Knoble, AIDM, of The Hartford as VP-Professionalism.
- 2) The group previously identified as the Executive Committee is now known as the "Board," to be led by the immediate past President, Ed Marynowitz of NCCI, as Chairman of the Board. The Board's responsibility is to provide strategic direction. New to the Board are Peter Murphy of The Hartford, John Stenmark of Southern Farm Bureau Mutual, and Stuart Yakes of Independent Statistical Service, Inc. Former Executive Committee members continue as Board members.
- 3) A newly designated committee assumes the name of "Executive Committee." Members include and are limited to the President, President-Elect, Chairman of the Board, all six vice presidents, Executive Director, and two at-large members of the Board to be appointed by the Chairman of the Board. This Committee is chaired by the President, and it will have responsibility for the day-to-day affairs of IDMA. Christopher Jones, CIDM, of NJM Group was elected President, and will chair the Executive Committee. Monte Almer of NYCIRB was elected President-Elect. The two appointed members are Christine Siekierski of Wisconsin Compensation Rating Bureau, and Tom Nowak, CIDM, of AIG.
- 4) New members of the Education Committee include Donna Geller and James Jarvie, CIDM, of ISO, Bill Levine of AIG, Sondra Mattke, AIDM, of Federated Mutual, and Mark Siwek of Independent Statistical Service, Inc. Theresa Szwast, AIDM, of NISS, continues to chair that Committee, and her title is now Vice President, rather than committee Chair.

### Liten Up!

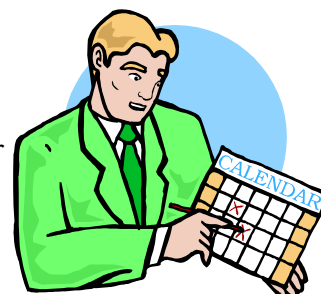
By B.D.Hicks



## IDMA 2006: SAVE THE DATE!

### Mark Your Calendar - Plan now...

...to attend next year's event:  
We've contracted with The Westin Philadelphia Hotel for April 3-4, 2006 to hold another IDMA Best-Value seminar in their quality facilities.



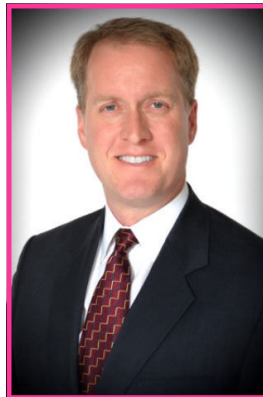
**Save the date!**

## Evolving To A Risk-Based Pricing Model

**A core tenet of the IDMA Value Propositions is the importance of data. In this piece on risk-based pricing, Steve Discher of the Robert E. Nolan Company gives evidence to support the IDMA Value Proposition, with an emphasis on data accuracy, reliability, and usability.**

**By Steve Discher**  
**Practice Director**  
**Robert. E. Nolan Company**

Steve Discher is a Director with the Robert E. Nolan Company. He specializes in strategic transformation programs with medium to large-scale financial services and insurance companies. For the past 20 years, he has advised senior executives both domestically and overseas on issues of strategy, performance improvement, information technology, operations, and change management.



**Steve Discher**

Throughout his career, Mr. Discher has contributed to publications such as CIO magazine, The Australian Financial Review, BRW, Business Asia, The Nolan Newsletter, and many others.

Property and casualty carriers are increasingly considering moving from a traditional risk-selection model to a risk-based pricing model. While many insurers are in the early stages, others, like Progressive, have already shifted to this new business model. Insurers continue to look for high quality and sustainable earnings growth while maintaining a strong customer and surplus base. An insurer's ability to retain customers while driving to a lower combined ratio (some well below 95 percent) is becoming increasingly challenged. This is particularly true now that the hardening cycle appears to be turning towards softening rates.

Property and casualty insurers face intense competitive pressures as other personal lines insurers, particularly those driven by Wall Street expectations, seek expansion in a slow growth market by taking away competitors' business. The

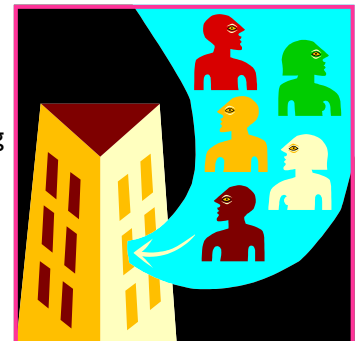
competitive thrust is often based on price, and insurers continue to explore expanding existing pricing in a way that's consistent with a risk-based pricing model.



Using detailed risk pricing with certainty and precision based on data and experience is nothing new. The notion that "there is no such thing as a bad risk, just a poor price" has been a longstanding anecdote for insurers. However, this anecdote is too simplistic. It has resulted in poor outcomes for companies that do not approach the issue by properly integrating pricing, underwriting, agency management and marketing. A key challenge for any insurer is having the data and experience needed to generate an underwriting profit at a competitive price. This is also why we do not have full migration toward risk-based pricing models today.

Companies considering a move toward risk-based pricing should consider four key issues:

1. **Data Accuracy, Reliability and Usability.** Large incumbent insurers often have a competitive advantage, namely a database of statistics on their current drivers and householders. An insurer's ability to price accurately is driven by data accuracy. Equally, an actuary's ability to correlate, project, and price is hindered by unreliable data. The challenge is capturing and managing just enough of the required data to make accurate pricing decisions. Other issues to consider in moving toward a risk-based pricing model include disparate and inaccurate data sources, the inability to collect and integrate reliable data, and the sheer volume of information.
2. **Company Culture (from front line to back office).** Moving from a risk-selection culture to a risk-based pricing culture creates the need for new behaviors and new ways of working that involve increased integration of pricing, underwriting and channel management. New approaches are required for greater cross-organization cooperation. A new mindset is often needed to change the organization's belief that profitability can be driven by pricing vs. risk avoidance.
3. **Implementation.** Implementation of this model is very complicated, particularly in an exclusive agency environment. The implementation process requires planning and analysis. For example:
  - Should rating variable changes be applied to both new and renewal business? For instance, a merit-rating plan that charges for the first violation may be actuarially justified, but may cause disruption in the renewal book.
  - Should implementation be done in stages to avoid renewal-to-renewal increases even at the cost of delaying



(continued on page 9)

## Risk-Based Pricing Model, continued

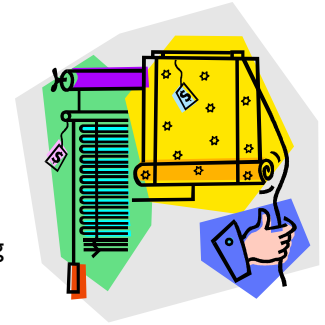
- the desirable competitive advantages for new business?
- Will there be regulatory restrictions on what can be done at implementation with respect to variables or tier management?
- What assistance will be provided to agents in surfacing those insureds whose book of business has substantial renewal-to-renewal changes?
- What will be the new role of underwriters, pricers and managers of the agency distributions?
- 4. Managing customer and agency expectations against the competition. Consideration should be given to the following:



- How fast do quotes have to be?
- What renewal-to-renewal change is acceptable?
- How should delicate rating variables such as credit score/insurance score be handled?
- What disruption is caused by a movement of a policyholder from one company to another in regard to supporting tiering objectives?

These issues also need to be addressed in a way that does not erode company-combined

ratio and retention-rate targets. If there is not integration of functions and strong discipline, the benefits of risk-based pricing only flow in one direction: from the company to the insured, in terms of lower rates. This, of course, is only half of the equation and needs to be balanced with “pricing up” the book for those risks that are appropriate (while closely monitoring the market and managing retention).



While company retention targets may stay the same overall, retention by sub-segment will likely need to be reviewed as a result of more refined pricing. In progressing toward these new models, consider experimenting before moving full-force into the new model. Before implementing, consider a prototype approach when moving toward risk-based pricing business models. While the benefits can be worth the move, insurers need to be careful to keep a strong hold on their existing success.

*The Robert E. Nolan Company is a management consulting firm specializing in the insurance industry. For more information, please visit [www.renolan.com](http://www.renolan.com).*

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### DebTech Meta-Data & Data Modeling Summit June 14-16, 2005

IDMA attendees who took advantage of the discount for IDMA members to attend DebTech’s last conference were very enthusiastic. DebTech has announced – see the link in Industry Events on our web site – this June conference featuring renowned industry leaders in meta-data and data modeling, and offering real life case studies. For more information you can contact DebTech at [www.debtechint.com](http://www.debtechint.com) or by phoning (973) 379-7212.

