

## DATA MANAGEMENT VALUE PROPOSITION VALUE TO ACTUARIES

The value of data to actuaries cannot be overstated. Data Management provides value to the actuaries of an enterprise in the following ways:

### Value: **Data Quality**

Good data management improves data:

- Validity—Are data represented by acceptable values?
- Accuracy—Does the data describe the true underlying situation?
- Reasonability—Does the data make sense? How does it compare with similar data from a prior period?
- Completeness—Do you have all the data you need?
- Timeliness—Are the data current?

Good data management allows the actuary to have more confidence in, and a better understanding of, the data being used. This assists the actuary in his/her professional responsibilities to certify data quality (e.g., Actuarial Standard of Practice 23 on Data Quality).

### Value: **Better Decisions**

Better decisions result from better data:

- Better priced risks, rates, increased limits, etc..., means an improved bottom line, greater customer satisfaction, improved customer retention, and an increase in number of customers
- Documented, controlled data management processes help to give weight to the assertion of the validity of the data being used. Improving the ability to explain, defend (and testify as necessary) decisions with better support behind the decision.
- As data availability increases and can be sliced ever more finely, attention to quality, privacy and confidentiality is critical. Data management skills are needed to ensure these concerns are addressed.
- When data quality is assured under the guidance of the data manager, the actuary's time is freed up for more focus on core professional responsibilities, decisions and analysis. Involvement of a data management professional allows both disciplines to do what they do best and are best trained to do. And actuaries with an understanding of data management principles will be better able to work cooperatively with data management professionals.
- In many cases, skilled data managers can assume functions otherwise handled by actuaries, such as responding to special calls.
- Predictive modeling is improved when better data are available, allowing for better existing products and better new product development.

Value: **Internal Data Coordination**

- Reducing the cost and time associated with data collection, storage, and dispersal, making data available more quickly
- Promoting the interoperability of data and databases, allowing for better data integration thereby giving the actuary more options for how data can be used
- Managing data content and definition across the organization
- Advocating industry and enterprise data standards which ensure consistent definitions and values for enterprise data elements
- Ensuring the quality of the enterprise data and enterprise communication among the various data sources

Value: **Compliance**

- Protects the privacy and confidentiality of the enterprise data.
- Ensures compliance with data reporting laws and regulations.
- Assists in identifying solutions to data reporting issues.
- Provides for a better communication/interface with regulators.
- Creates a non-confrontational mechanism for dialog.
- Represents the company to the regulator and brings back information on regulatory perspectives, allowing for better decision-making.