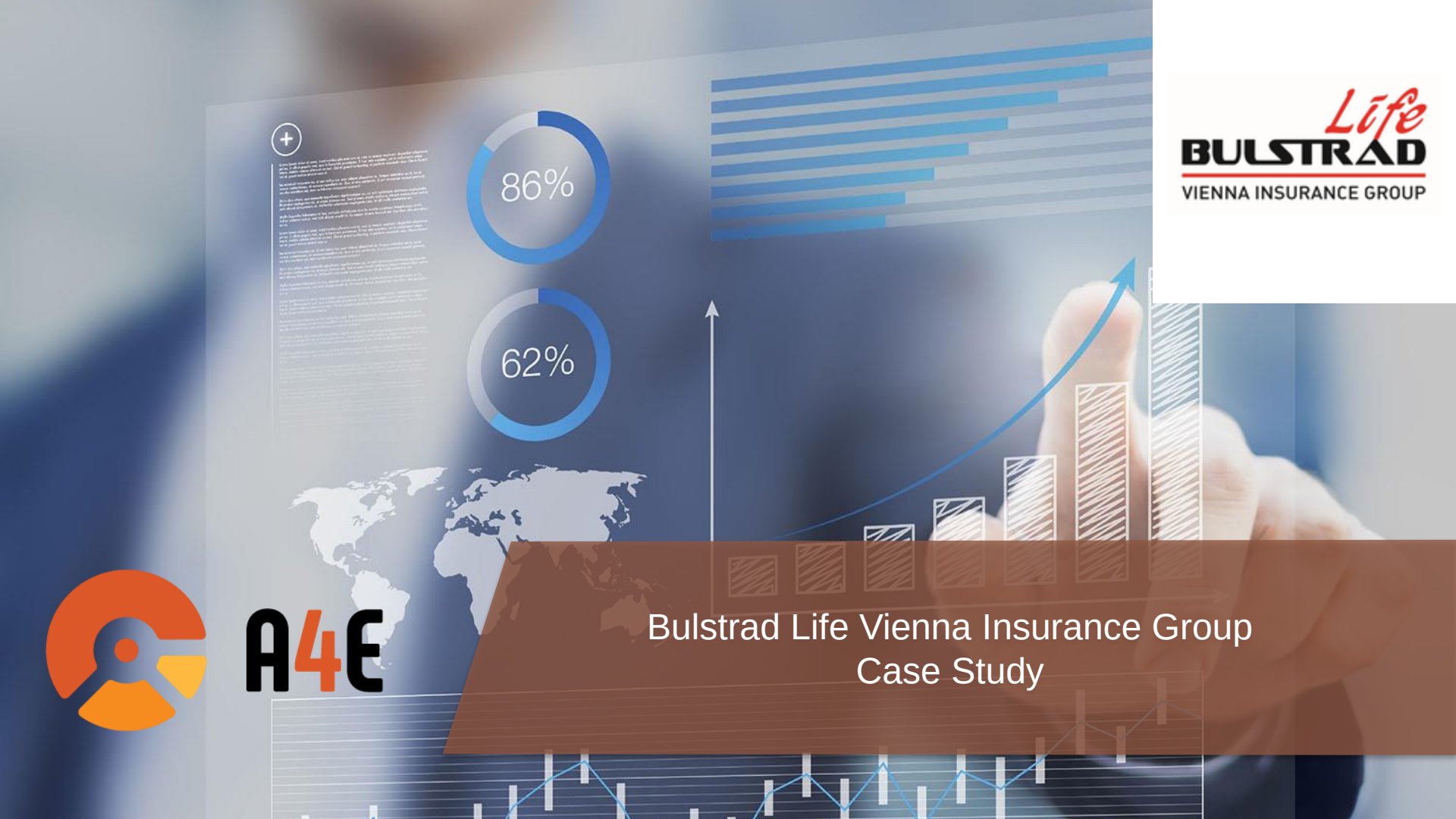


Bulstrad Life Vienna Insurance Group
Case Study

Overview

- Bulstrad Live is the Bulgarian subsidiary of Vienna Insurance Group for additional health insurance.
- That is the biggest additional health insurer in Bulgaria with steady growth for the last 5 year of around 20-25% per year.

The Need

- The growth puts a lot of pressure over the underwriters.
- VIG was looking for a solution to automate partially the work of underwriters so to allow processing the increased amount of offers keeping the quality of the decisions.

The Solution

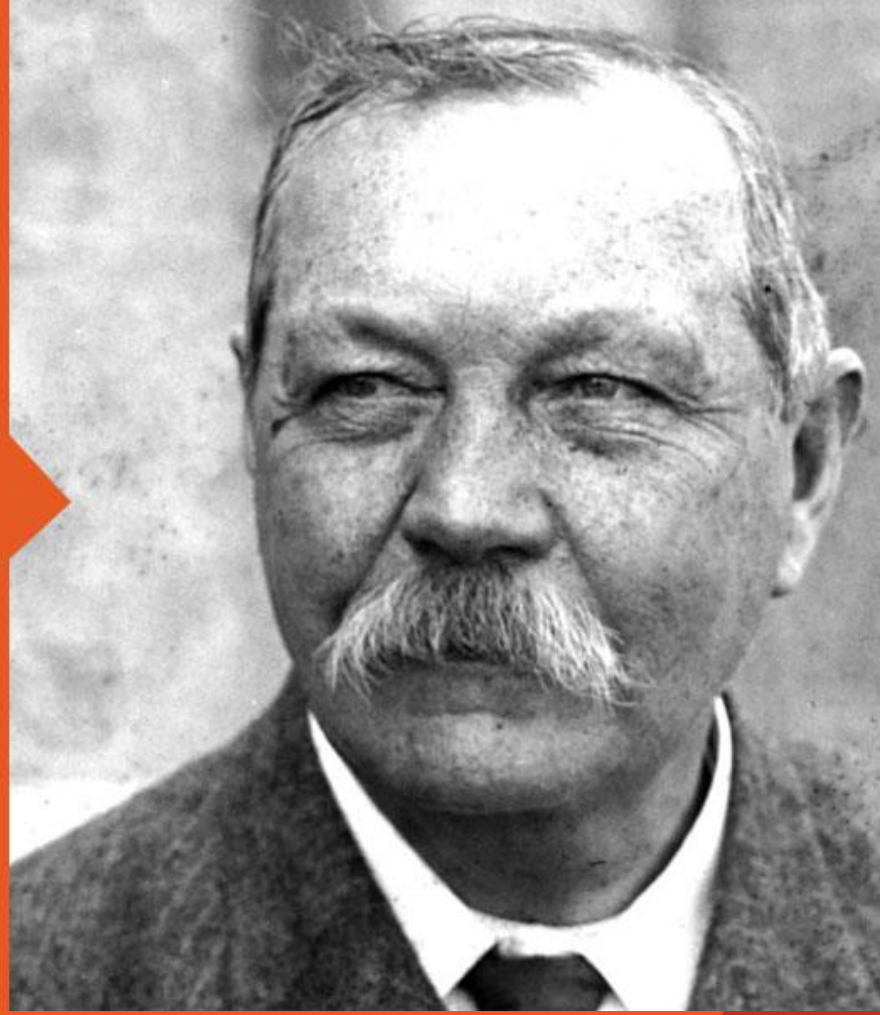
- Specific risk/profitability model is using the historic data.
- The model incorporates the offer details like GWP, included option with their limits, discount for the broker, administrative costs, etc. as well with the prospect client details like industry, addresses, amount of people in to the coverage, their distribution into the ages and sex, as well with the family members included.
- This model refreshes every month to aggregate the most recent data. A4E service utilize the model and returns risk/profitability assessment for every new offer prepared from the sales of VIG.

The Solution (cont.)

- The result has two main parts the calculated risk and in addition calculated expected claims level on total as well into the packages and segments. The risk falls into 3 zones: Green, Red and Gray.
- The Green represents contracts that could directly go for sign-off sing the risk of loses is significantly low.
- The Red zone is the opposite and represents contracts that have high risk to be non-profitable. For these contracts ether the parameters has to be revised or the offer to be canceled.
- The Gray zone is for contract where still the underwriters has to be involved. This service is directly incorporated into the VIG ERP.

The Result

- The service automated around 60% of the decisions allowing VIG to continue to expand the business without the need to enlarge the internal structure.
- The level of automation depends on the risk level associated with each zone (Red,Green,Gray) and that risk is defined from the client.

"It is a capital mistake to theorize before one has data."

Arthur Conan Doyle