Radar

Pricing decision support and optimisation software
Pricing P&C insurance involves ever more skilful fine-tuning of risk selection, customer acquisition and renewal strategies, and competitive positioning in order to maximise profit and market share.

The Radar family continues the evolution of Towers Watson’s market-leading Rate Assessor and Optimiser software products, which are used by many of the world’s leading P&C insurers.

Built with the latest technology, new capabilities in Radar include extended support for diverse policy types, scalability for very large data sets and greatly enhanced reporting facilities.

Radar Live allows price adjustments developed in Radar to be deployed direct to a rating system to be calculated in real-time.

The software is easy to use and maintain, well documented and fully supported, enabling you to develop consistent, transferable skill sets among your actuarial and underwriting teams in order to help them make better pricing decisions.

Radar Live allows price adjustments developed in Radar to be deployed direct to a rating system to be calculated in real-time sub-second timing. In markets where regulation permits, this can include policy or risk level optimisation.

**Radar Base – the engine room for pricing excellence**

Radar Base is the core product and provides the platform for a broad range of activities from providing powerful management information, developing business plans, summarising results of risk modelling work and competitor analysis, through to detailed rate-setting models for individual insurance products. It can also test the effectiveness of new prices through scenario modelling, extracting maximum value from predictive models to make successful business decisions. The optimisation elements enable you to more fully understand the impact of pricing on customer buying behaviours in order to overlay your specific profit and volume objectives.

The Radar Dashboard product allows the interactive reports built in Radar to be easily used across an organisation.

**What Radar can do for you:**

- Provides flexible management information
- Enables informed pricing strategy development, underpinned by robust analysis of alternatives
- Models the impact of potential pricing decisions on volume, profitability and other performance metrics
- Highlights weaknesses and cross-subsidies in current pricing structures
- Reduces the risk of pricing anti-selection
- Allows sophisticated competitor monitoring and analysis
- Enables sophisticated demand-based price modelling founded on real world, practical business constraints
- Supports real-time decision making
- Supports the alignment of the pricing and marketing functions through common customer value metrics and behavioural models
- Delivers data and graphic-rich management information that is fully customisable

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**Figure 01. Radar products**
Radar suite products are built with the latest technology and backed by the innovative thought leadership of Towers Watson, the world’s largest provider of actuarial software.

**Inputs**
Radar can interface directly with numerous data sources, including SAS, SQL Server, Oracle, DB2, Access, Excel and CSV databases. It is programmed to work with a wide variety of predictive model types, including Towers Watson Emblem and Pretium.

**From simple to complex structures**
Radar supports a wide variety of rating structures, ranging from simple multiplicative table based tariffs through to complex component-based structures with multiplicative and additive elements, moderator functions, and multiple risks per policy. The software makes it easy to compare different rating structures even when structures and factors vary.

**Speed and ease of use**
Radar offers considerable processing speed improvements compared to its predecessor products. The visual interface allows easy understanding of data and calculation flow. A wide-ranging and customizable library enables easy sharing and re-use of project components, greatly simplifying subsequent project modifications. Radar comes with a set of example library elements which enable you to get started quickly.

**Summaries and reporting**
A key feature of Radar is the flexibility and ease of creating sophisticated customised management reports, either interactively or via a batch process. An extensive selection of graphics tools supports the presentation of technical pricing analyses to non-technical audiences.

**Real-time**
With so much business moving to direct channels, Radar Live supports the need to produce competitive but profitable prices in real-time that can be refreshed as rapidly as required.

**Calculation transparency**
There are no ‘black boxes’ in Radar. Project structures and calculations are completely transparent, enabling users to track and easily understand where changes have been made to both simple and sophisticated models.

**Radar Base provides:**
- Collation of pricing technical models in a single, consistent environment
- Construction and comparison of pricing structures and strategies
- The ability to import a wide range of data and models for scenario testing
- Powerful reporting and report design capability
- Direct creation of files for Towers Watson Emblem
- Visibility of intermediate values in calculations

**Additional components of Radar Optimiser include:**
- User-defined optimisation objectives that directly address strategic targets, such as profitability, retention and premium volume, while achieving multiple portfolio level constraints
- A powerful algorithm based on customer value concepts that is tailored to the insurance sector but which can be adapted to other financial services products
- Suitability for use across multiple product lines and distribution channels, particularly for those with high volumes of customers and pricing data
- Powerful diagnostic capabilities for sense-checking optimised prices prior to implementation
- The ability to integrate individual policy-level pricing promises
- Identification of efficient frontiers, enabling the evaluation of alternative strategic outcomes
- Support for multiple organisation time horizons and multiple product cross-holdings, including instalment arrangements
Towers Watson provides sophisticated risk, analytics and consulting solutions that help P&C and life insurers meet the rapidly evolving demands of today’s market.

Towers Watson’s software offerings provide a truly comprehensive portfolio of analytical software. We combine innovative actuarial thinking with software expertise to develop comprehensive solutions that measure value, manage risk and safeguard solvency.

**Pricing software**

Our software tools enable you to plan, manage and optimise your pricing process. Used independently or with our consultancy services, these tools are powerful additions to your business.

**Financial modelling software**

Clients in more than 30 countries – leading P&C and life insurance companies, multinationals, pension funds, mutual funds and asset managers – use our systems for enhanced risk and capital management.

**Marketing analysis software**

Optimise media and advertising spend to defined sales and marketing objectives using granular actuarial techniques.

**Standard Formula**

These additions to our established capital modelling solutions aim to simplify the challenges of calculating the Solvency II Standard Formula SCR for life, P&C and composite insurers.

For more information, contact your local Towers Watson office or email us at software.solutions@towerswatson.com

About Towers Watson

Towers Watson is a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of benefits, talent management, rewards, and risk and capital management.