Better Rating: Accidental Risk

Johann van Niekerk

Business Development Actuary

David Mee

Pricing Actuary

RGA Reinsurance Company of South Africa Limited

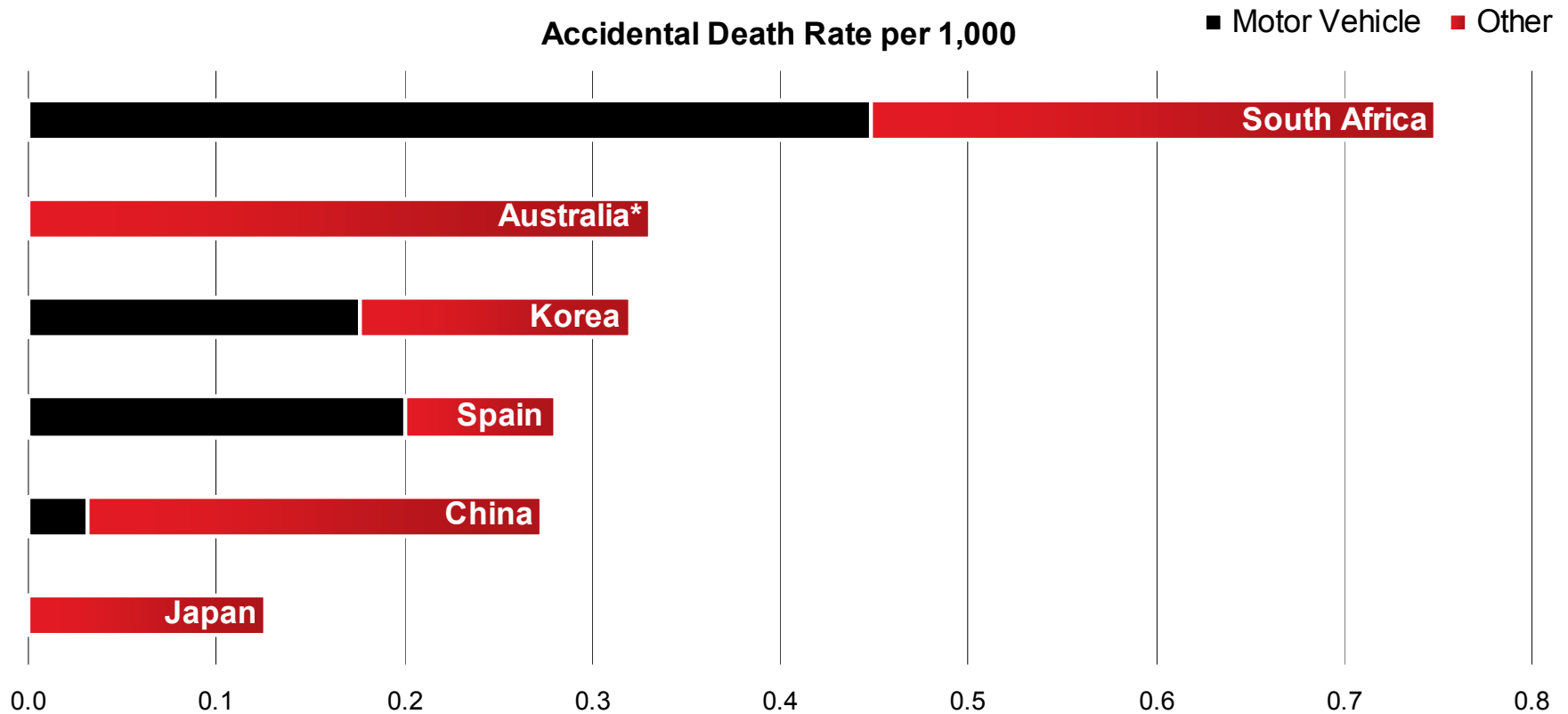**Technical Seminar: Improved Risk Rating**

February 2009

RGA

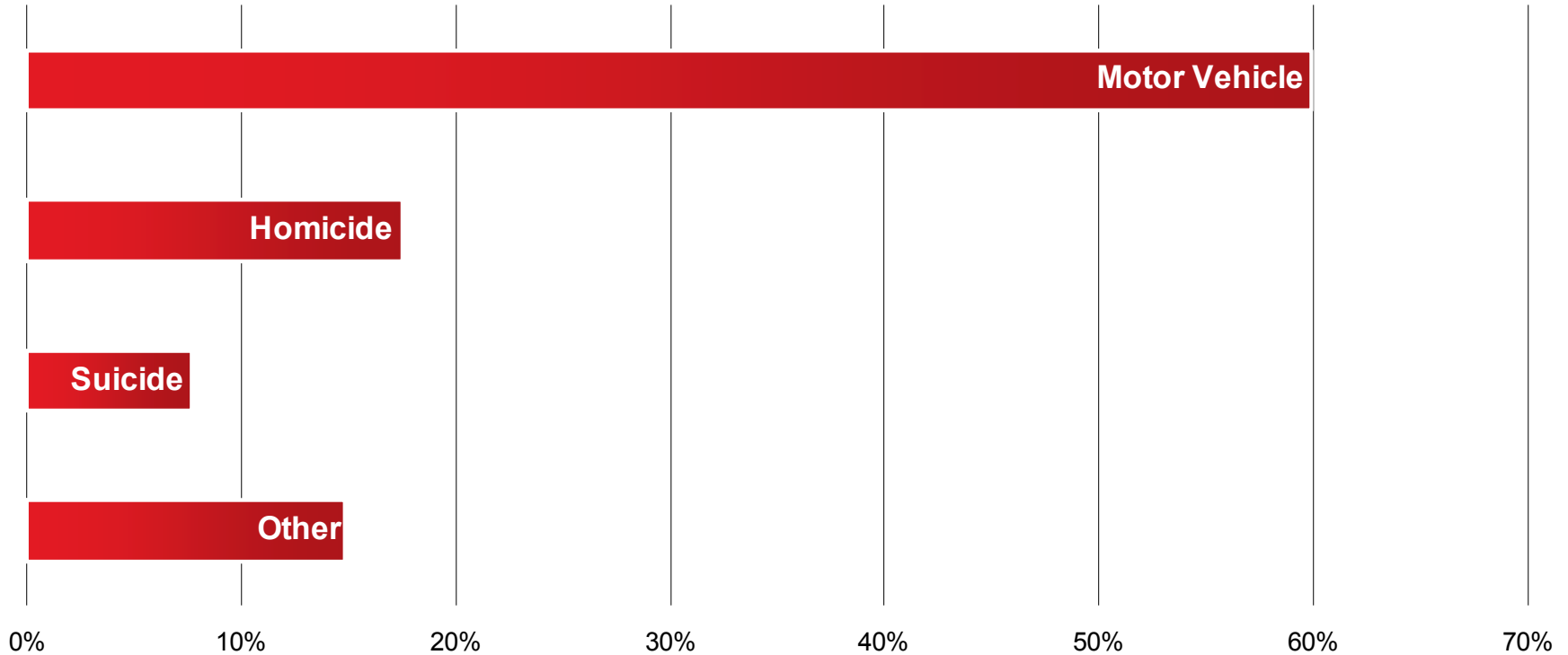**The security of experience. The power of innovation.**

International Comparison

Accidental Death Rate per 1,000

■ Motor Vehicle ■ Other

South Africa

Australia*

Korea

Spain

China

Japan

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8

* Australian results based on population figures

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Cause of Accident

Proportion of Accidental Deaths by Type

Preferred Rating for Accident

- **Improved rates for better lives (within each socio-economic class)**

- **Main causes are traffic accidents and homicide**

- **Differentiate risks**

- **Control risks**

MVA - Main Causes

- **Drinking and driving**

- **Unlicensed drivers**

- **Low levels of enforcement**

- **Unsafe driving**

- **Unroadworthy vehicles**

- **High speeds**

MVA - Differentiating

- **Proxies for driving record**

- **Distance driven**

- **Marital status**

- **Smoker status (already used)**

- **Vehicle type**

- **Occupation**

- **Alcohol Consumption**

- **Credit record**

MVA - Controlling

- **Limiting exposure to drunk driving claims (e.g. 80% payout)**

- **Sponsoring law enforcement efforts**

- **Encourage safer driving practices**

Homicide – Main Causes

- **Burglaries**

- **Hijacking**

- **Assault / theft**

- **Premeditated murder**

- **Alcohol Consumption**

Homicide - Differentiating

- **Postal code**

- **Home and vehicle security**

- **Alcohol consumption**

- **Marital status**

- **Occupation**

- **Credit record**

Homicide - Controlling

- **Limiting exposure to claims resulting from criminal acts by the life insured**

- **Sponsoring law enforcement efforts**

- **Safer living environment**

Possible Rating Factors

- **Proxies for attitude to risk**

- **Proxies for driving record**

- **Postal code**

- **Occupation**

Thank You!

Questions?