

SCENARIO – TLP Insurance Rating

PROBLEM DESCRIPTION

TLP company wants to put together a decision model that shows for rating the final pricing tier. To make this decision requires three other decisions financial stability, property risk and coverage liability.

Financial Stability

This information is provided by underwriting team and can be found in Business Underwriting Policy -CW UW, section 1, rev09/21

Countrywide Underwriting for Financial Stability

POOR Financial Stability:

- Years in business less than one.
- Years in business greater than or equal to one and less than or equal to five; and number of bankruptcies is one; and years at current residence is less than one, or greater than or equal to one and less than five.
- Years in business greater than or equal to one and less than or equal to five; and number of bankruptcies is greater than one
- Years in business is greater than five and number of bankruptcies is greater than one.

AVERAGE Financial Stability:

- Years in business greater than or equal to one and less than or equal to five; and number of bankruptcies is zero.
- Years in business greater than or equal to one and less than or equal to five; and number of bankruptcies is one; and years at current residence is greater than or equal to five.
- Years in business greater than five; and number of bankruptcies is one; and years at current residence is less than one, or greater than or equal to one and less than five.

EXCELLENT Financial Stability:

- Years in business greater than or equal to five, and number of bankruptcies is zero.
- Years in business greater than or equal to five, and number of bankruptcies is one, and years at current residence is greater than five.

Property Risk

This information is provided by underwriting team and can be found in Business Underwriting Policy -CW UW, section 2, rev04/18

Countrywide Underwriting for Property Risk

LOW Property Risk

- Type of Construction is brick and prior losses is less than \$2,000 and age of property is less than five.
- Type of Construction is brick and prior losses is greater than or equal to \$2,000 and age of property is less than five.
- Type of Construction is brick and prior losses is less than \$2,000 and age of property is greater than or equal to five and less than 15.
- Type of Construction is brick and prior losses is less than \$2,000 and age of property is greater than 15 and property value is less than \$100,000.

MEDIUM Property Risk

- Type of Construction is brick and prior losses is greater than \$2,000 and age of property is greater than or equal to five and less than 15.
- Type of Construction is brick and prior losses is less than \$2,000 and age of property is greater than 15 and property value is greater than or equal to \$100,000.
- Type of Construction is brick and prior losses is greater than or equal to \$2,000 and age of property is greater than 15 and property value is less than \$100,000.
- Type of Construction is sticks and age of property is less than five.

HIGH Property Risk

- Type of Construction is brick and prior losses is greater than or equal to \$2,000 and age of property is greater than 15 and property value is greater than or equal to \$100,000.
- Type of Construction is sticks and age of property is greater than or equal to five and less than 15.
- Type of Construction is sticks and age of property is greater than or equal 15.
- Type of Construction is sticks

Coverage Liability

This information is provided by underwriting team and can be found in Business Underwriting Policy -CW UW, section 3, rev07/19

Countrywide Underwriting for Coverage Liability

LOW Coverage Liability

- Coverage is contents, and industry is construction
- Coverage is malpractice, and industry is low

MEDIUM Coverage Liability

- Coverage is building, and industry is construction
- Coverage is building, and industry is medical
- Coverage is building, and industry is retail
- Coverage is malpractice, and industry is construction

HIGH Coverage Liability

- Coverage is contents, and industry is medical
- Coverage is contents, and industry is retail
- Coverage is malpractice, and industry is medical

Pricing Tier

This information is provided by underwriting team and can be found in Business Underwriting Policy -CW UW, section 4, rev09/22

Countrywide Underwriting for Pricing Tier

A Pricing Tier

- Financial stability is average, and coverage liability is Low
- Financial stability is excellent, and coverage liability is Low

B Pricing Tier

- Financial Stability is average, and coverage liability is medium, and property risk is low
- Financial Stability is average, and coverage liability is medium, and property risk is medium
- Financial Stability is excellent, and coverage liability is medium

C Pricing Tier

- Financial Stability is average, and coverage liability is medium, and property risk is high

Refer Pricing Tier

- Financial Stability is excellent, and coverage liability is high, and property risk is medium.
- Financial Stability is excellent, and coverage liability is high, and property risk is low.
- Financial Stability is average, and coverage liability is high.

Reject Pricing Tier

- Financial Stability is poor.

Empty Pricing Tier

- Financial Stability is excellent, and coverage liability is high, and property risk is high.

Tasks:

Based on the information provided please document and complete the following:

1. Identify attributes
2. Develop a visual model of the decision from bottom up. Top being the final decision. Tying all components together. Using industry standards – data, decisions, knowledge etc.
3. Develop Decision Point Tables as needed. Using industry standards
4. Are there any issue(s) that need further clarification? If so, what and explain why.
5. Provide a glossary with all terms, type, how it is used in the model.
6. Present the final model and be able to explain what you did and why.