**dyna.mo**

# Diagnostic Led Reserving

Traditional reserving requires a bottom-up, manual review of data, assumptions, methods and results for every line of business, regardless of the size, complexity or strategic priority.

This approach is typically fragile and slow, especially when running in the critical path of a formal reserving process. It relies on fragmented tools and workflows which generate high pressure for actuarial teams and high operational risk. With limited foresight and many classes to work through, there is little time to respond to surprises in the data or to spend on topical insights and communication.

There is a better way. Dynamo works with insurers to implement technology-enabled, top-down, Diagnostic Led Reserving ("DLR") processes that reduce risk, increase efficiency, and empower reserving teams to boost their strategic contribution to the business.

## THE DYNAMO APPROACH

**Prospective parameterisation** sets the reserving assumptions in advance, with targeted use of algorithms that respond to emerging experience.

**Model automation** to support a full mechanical end-to-end model run for a rapid first cut of all results and reporting as soon as data is available.

Advanced **actuarial dashboards** that direct attention and flag areas of concern, complemented by:

- a pre-defined materiality framework;
- qualitative market and business insight; and
- the latest regulatory and actuarial institute guidance

to provide confidence to stakeholders in both the process and the results.

The data granularity and tools to enable **deep dive investigations** where actuarial expertise can be applied to examine drivers and impacts, and to contribute to the regular calibration of the prospective parameterisation.

**Interactive interfaces** to adjust base assumptions on a by-exception basis, avoiding the need for granular analysis of every class at every review.

" Dynamo's "diagnostic led" principles can be applied to many actuarial or financial processes. "

## Key benefits

✓ More actuarial time for value-add activities and topical deep dives.

✓ Richer results data for better management information and faster turn-around of ad hoc requests.

✓ Better understanding of drivers and uncertainty inside and outside of the actuarial team.

✓ Smoothing of workload peaks and troughs.

✓ More robust processes, resulting in fewer wasted hours due to errors and crashes.

✓ More capacity in the team for business knowledge, stakeholder engagement and early input into strategic decision making.

## DLR Requirements

**The wiring:** An automated, end-to-end reserving model with appropriate methodologies, pre-defined assumptions and algorithms, and automated dashboard feeds. This allows the actuary to focus on interpreting diagnostics and interrogating results, rather than on data cleansing or process stitching.

**Dashboards:** Dynamic actuarial and management dashboards to provide the breadth and depth of understanding needed to set appropriate reserves and to confidently engage with stakeholders.

**Frameworks, people and culture:** Supporting frameworks, targeted stakeholder management and clearly defined roles and responsibilities to help embed a successful, sustainable and regulatory compliant top-down approach.

## The Psicle platform

Psicle® is a flexible, robust and fit-for-purpose modelling environment with rich statistical, data management and audit functionality, enabling the industrialisation of a wide variety of actuarial and financial models.

Psicle is the perfect tool to facilitate diagnostic led reserving due to:

• its end-to-end data processing and reserving functionality;

• its ability to define and manage default sets of parameters and algorithms; and

• options to utilise Psicle's in-built dashboard object or to integrate with external dashboarding software, through Psicle's API.

## Implementation

Dynamo's consulting team has deep and varied experience in technology-enabled process transformation, including target state process design, technical model development and driving cultural change.

This experience, combined with Dynamo's own values, has inspired our reserving experts to be DLR thought leaders. Dynamo can help you meet the requirements of a DLR process, while our flexible and collaborative approach can support you in maximising the benefits and managing trade-offs.

## About Dynamo

**Experience, expertise, and service. All part of our DNA.**

We are actuaries, problem solvers, and strategic thinkers. As a highly innovative team, we are passionate about understanding how the world of business-critical modelling is evolving, and how organisations need to adapt. We apply our mathematical skills, professional expertise, and intelligent automation platform to help our clients navigate their transformational journey with confidence. Brilliant at building relationships and driving change through innovation and a culture of teamwork, we deliver robust, insightful solutions to modernise and industrialise a client's technical models and processes. We give clients greater certainty in increasingly complex times.

For further information on Dynamo and Psicle, including case studies, visit **www.dyna-mo.com** or email us at **psicle@dyna-mo.com**

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