earnix | Governance and Compliance

Are You Ready?

Meet New Regulatory Changes Faster & Easier



Introduction

Insurers need to **quickly change the way they price to comply** with changing regulatory updates. With Earnix, insurers will not only meet new rules and regulations quickly, but do so with total confidence. Earnix provides a powerful advantage, and one that delivers a win-win scenario: a fully personalized dynamic pricing solution that helps insurers meet compliance requirements at speed and gain a new competitive edge.

FCA FINANCIAL CONDUCT AUTHORITY | **Estimate**

Over the **next 10 years**, it's expected that new regulations will allow consumers to

Save £4.2 billion

Turning FCA Changes into New Business Opportunities

Meet Regulatory Updates on Time at **Earnix.com**

In May 2021, the UK's Financial Conduct Authority (FCA) announced new rules to protect consumers from loyalty penalties related to various insurance products. These updates prohibit the practice of "price walking", where existing customers pay higher prices at renewal than those offered to new customers.

In a short time frame, insurance companies needed to re-evaluate pricing policies and models to meet the new requirements—all before they came into effect in January 2022.

For many insurers, the new FCA rules required them to re-think their existing approaches to pricing, calculating risk, governance and compliance, and reporting.

One thing is clear: Insurers willing to **adopt innovative new technologies** stand to gain the most, by complying with the new regulations and also staying a step ahead of the competition.

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A Solution for Meeting New Regulations and Much More

New Regulation & Compliance Challenges

How Earnix Solves These Challenges

New Pricing Considerations

In the case of the FCA's 'price walking' regulation update, insurance companies had to offer renewal prices that are not higher than equivalent new business prices (ENBP). This forced insurers to **develop new pricing models** to accurately calculate ENBP.

Composable Solutions

Today's comprehensive pricing platforms—such as Earnix Price-It™—are capable of **managing the entire pricing process** and deliver advanced price modeling capabilities to comply with the latest requirements.

Factoring Risk into Renewal Calculations

Insurance firms can charge different renewal prices, but only based on the customer's actual risk profile. Most insurance companies simply don't have an effective way to **quickly and easily factor risk** into renewal prices or document higher prices.

Accurately Assess Risk

Insurers can **develop and implement pricing processes** that don't take customer tenure into account. Understanding risk lets insurers reduce auto renewal prices to comply and demonstrate when higher prices are warranted.

Governance & Compliance Questions

Insurance firms will need to retain information and **verify the compliance** of existing models and business rules. Manual, paper-based approaches lead to confusion, lost information and compliance headaches.

Governance & Compliance Answers

Earnix technology provides complete logging, audit trails and powerful dashboards, critical to helping insurance companies document, track, log and audit **exactly what data was used** in any model or project.

Potential Reporting Nightmare

Insurers must also make sure the right reports are in place to monitor and demonstrate compliance—now and in the future. Current **reporting efforts are inefficient,** ad hoc processes, wasting time and failing to provide true business insights.

Powerful & Customizable Reporting

Insurance companies will always be required to submit regular reports to show compliance. With powerful reporting built in, insurers gain the **real-time visibility they need** to monitor the performance of pricing strategies against the new regulatory standards.

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Earnix helped an established Canadian insurer transform:

100s
of rating errors

↓

0
rating errors



4-6 Months
rate-to-market timeline

↓



<4 Days
rate-to-market timeline

Earnix Makes Compliance Easy

With Earnix, any insurance company gains all the tools they need to easily comply with changing regulations and new compliance demands.

They can develop rating and pricing policies that don't factor in the customer's tenure—critical to addressing potential price-walking concerns.

Updating models is also easy: Earnix offers powerful model-building capabilities and works seamlessly with AI and machine learning data. Every change of the overall strategy is automatically documented, making pricing governance extremely easy.

Built-in reporting tools provide a full record of every action taken, helping simplify and streamline compliance efforts while making them much more effective.

Plus, with our fastest time to value, you can be up and running more quickly than you think—giving you a critical advantage to FCA compliance.

In a Deloitte study, 42% of respondents regarded **improving the speed and quality of regulatory oversight** as a main driver for implementing new technology.

https://www2.deloitte.com/us/en/insights/industry/insurance/advanced-technologies-insurance-regulators-challenges-opportunities.html

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Meeting New Compliance Requirements and Regulatory Updates Doesn't Have to Be So Hard

New regulations are forcing insurers to quickly change pricing and rating strategies.

With Earnix, **gain all the tools necessary to comply with the new requirements, all in a single, intuitive platform** that addresses all of your pricing needs.

> Ted Nickel, the Wisconsin insurance commissioner and then-president of the NAIC, spoke of an insurance industry transformation "fueled by rapid developments in technology." He added, "Insurance regulation must keep pace with these pressures. History is littered with the remnants of companies and organizations failing to keep pace with change."

https://www2.deloitte.com/us/en/insights/industry/insurance/advanced technologies-insurance-regulators-challenges-opportunities.html

Wisconsin Office of the COMMISSIONER OF INSURANCE

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Best-in-Class Solution To Meet Compliance & Regulatory Changes

Make pricing and rating changes faster and easier than ever.

Comply with Regulatory Changes at **Earnix.com**

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Earnix is a leading provider of mission-critical systems for global insurers and banks.

Through Earnix, customers can provide prices and personalized products that are smarter, faster, safer and in full alignment with corporate business goals and objectives. Earnix's solutions offer systemized, enterprise-wide value with ultra-fast ROI. Earnix has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel.

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