

# Welcome to the State Auto

# EXPERIENCE



# Presenters

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**Errica Rivera**

Associate Advocacy/Culture

**Jon Eshelman, FCAS**

Personal Lines Pricing

# Overview

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- The State Auto Experience
- Actuarial work at State Auto
- Career opportunities

# The State Auto **EXPERIENCE!**



Join the State Auto  
**EXPERIENCE**

And write your own story with us!

 **STATE AUTO**  
Insurance Companies

# The State Auto **EXPERIENCE!**

## ■ Why Does Culture Count?

- ***“Culture eats strategy for breakfast”*** Peter Drucker
- Our way of thinking, behaving and interacting will either drive the success or failure of our strategy.
- The State Auto **Experience** starts with our brand differentiating culture and our culture is defined by the engagement of **OUR PEOPLE!!**





# The State Auto **EXPERIENCE!**

## Why Does Culture Count?

***“Changing State Auto and winning in a competitive marketplace won’t happen if only some of us reflect the characteristics of nimble, responsive, creative, passionate and driven. **It will only work if we all embody them.** The right culture creates that opportunity.”*** Mike LaRocco



# The State Auto **EXPERIENCE!**

## STATE AUTO CULTURE PILLARS

### Nimble

- We are **Nimble** in working together to address the needs and opportunities of our team and the marketplace.

### Responsive

- We are **Responsive** to our customers and one another.

### Creative

- We are **Creative** in taking calculated risks, trying new ideas and being curious.

### Passionate

- We are **Passionate** about serving our customers and communities and supporting one another.

### Driven

- We are **Driven** to win, not as individuals, but as one team.

# Why join the State Auto Experience?

Committed to the **TOTAL** person!





# Benefits of working with State Auto?

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- Big enough and small enough
- Competitive bonus programs
- Flexible work schedule
- Actuarial work rotation
- Casualty actuarial exam program
  - Competitive paid study time allowance
  - Financial support for exams, study materials and preparatory courses

# Actuarial work at State Auto

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- Training is on-the-job experience
- 40-50 actuarial roles across various areas
  - Ratemaking
  - Product Management
  - Predictive Modeling
  - Reserving
  - Enterprise Risk Management

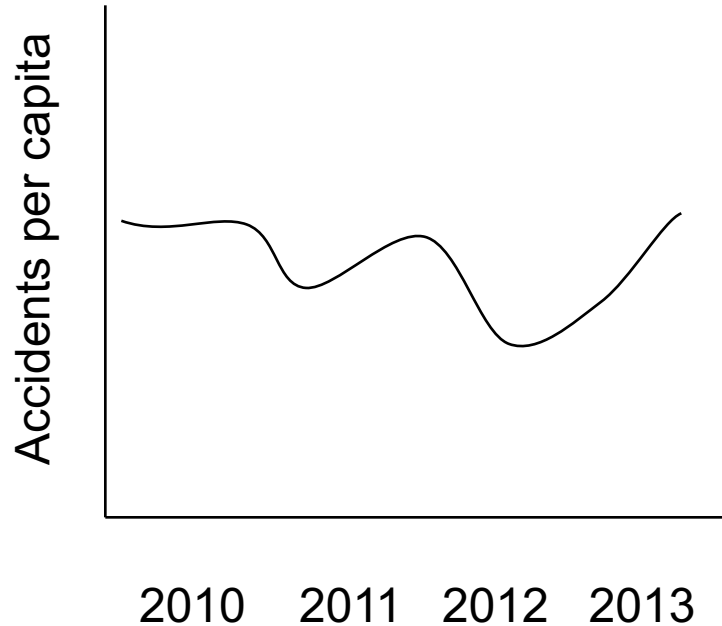
# Ratemaking

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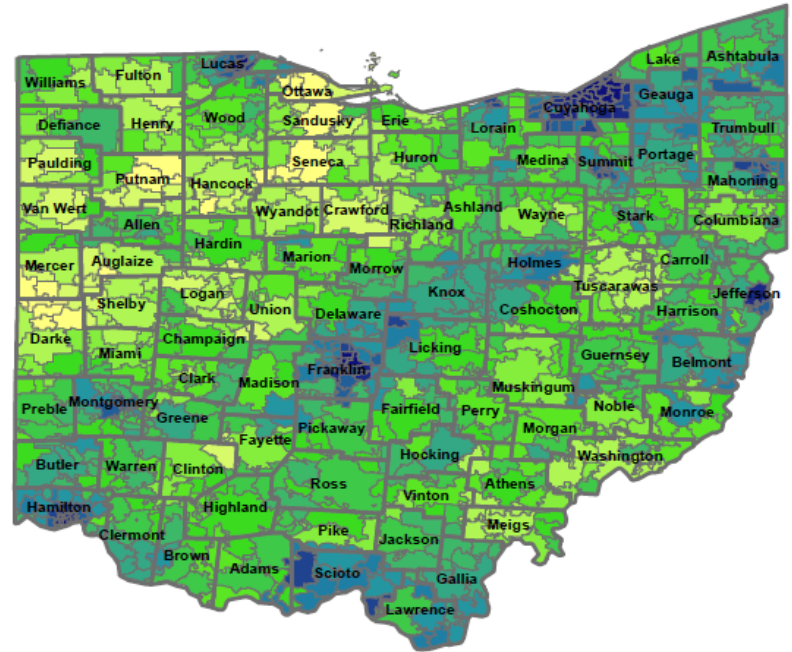
- Estimate all costs of providing insurance
- Recommend price changes to Product Manager and Regional Sales Office
- Gain approval from state regulators

# Ratemaking: two levels

## Aggregate



## Segment Level





# Product Management

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- Accountable for profit and growth goals for assigned products and states
- Balance actuarial rate needs with market analysis
- Travel to regional offices and agencies

# Product Management

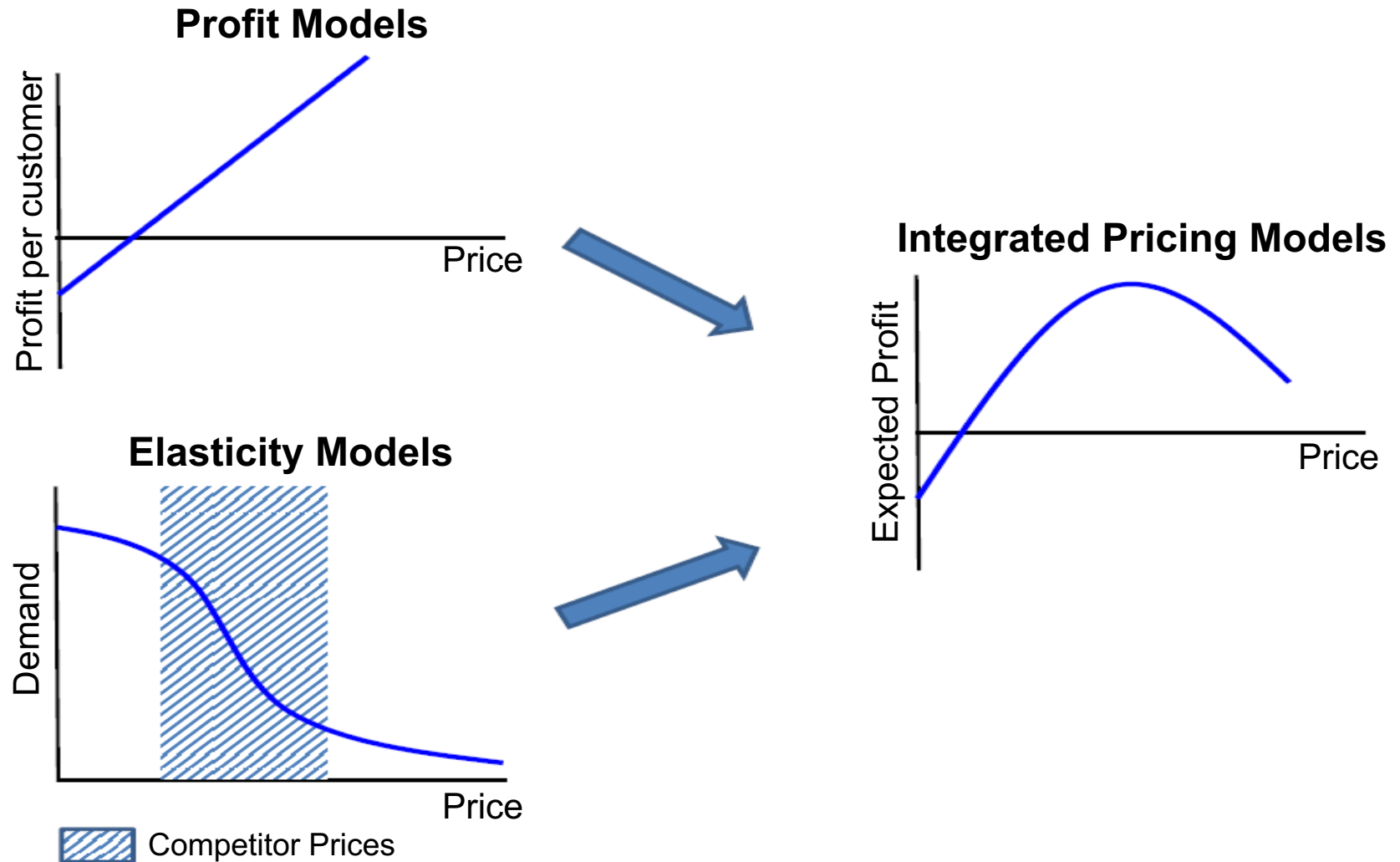
Customer Segment	Performance metrics				Price Lever	Underwriting Lever	Sales Lever	Marketing Lever
New car					-10%			
Young driver						Order accident and violation report		Safe-driver mail packet
Zip 12345					-5%		Appoint agent	

# Predictive Modeling

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- Building predictive patterns
- Rigorous statistical framework
- Variety of applications:
  - Segment level rate making
  - Claim fraud detection
  - Demand elasticity

# Predictive Modeling – Integrated Pricing





# Reserving

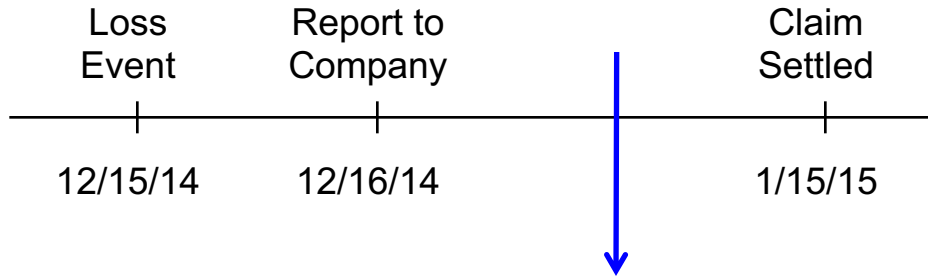
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- Amount to settle all claims incurred
  - Claims not yet reported
  - Difference in known claims
- Impacts to:
  - Internal decision making
  - Investors
  - Regulators

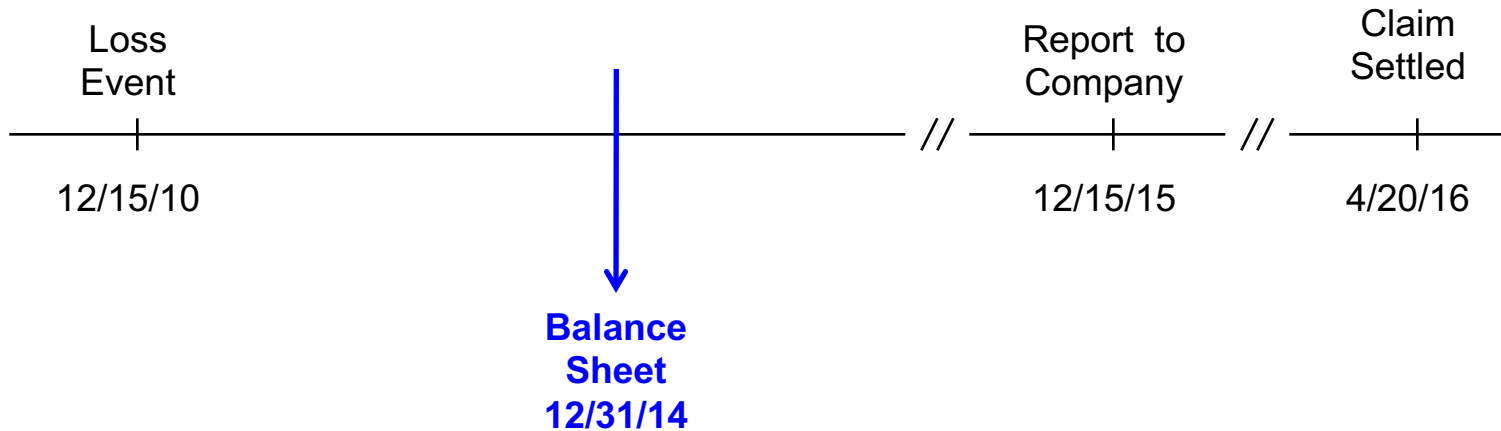
## FINANCIAL STATEMENT IMPACT

# Reserving: lifecycle of a claim

## Personal auto – vehicle damage accident



## Contractor – Incorrectly installed siding

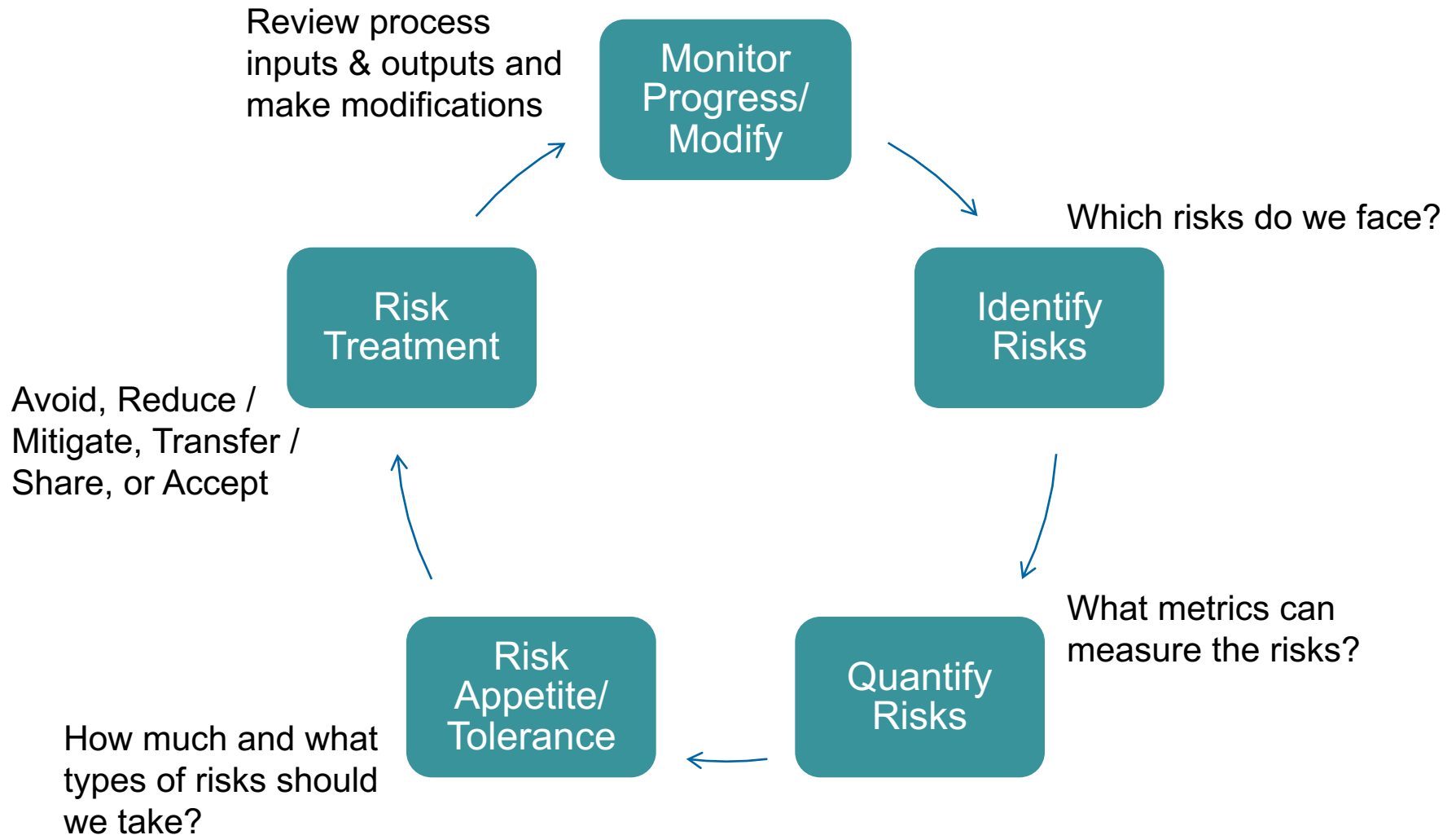


# Enterprise Risk Management (ERM)

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- Risk Management Process
- Risk Appetite/Tolerance
- Catastrophe Risk Example

# Risk Management Process





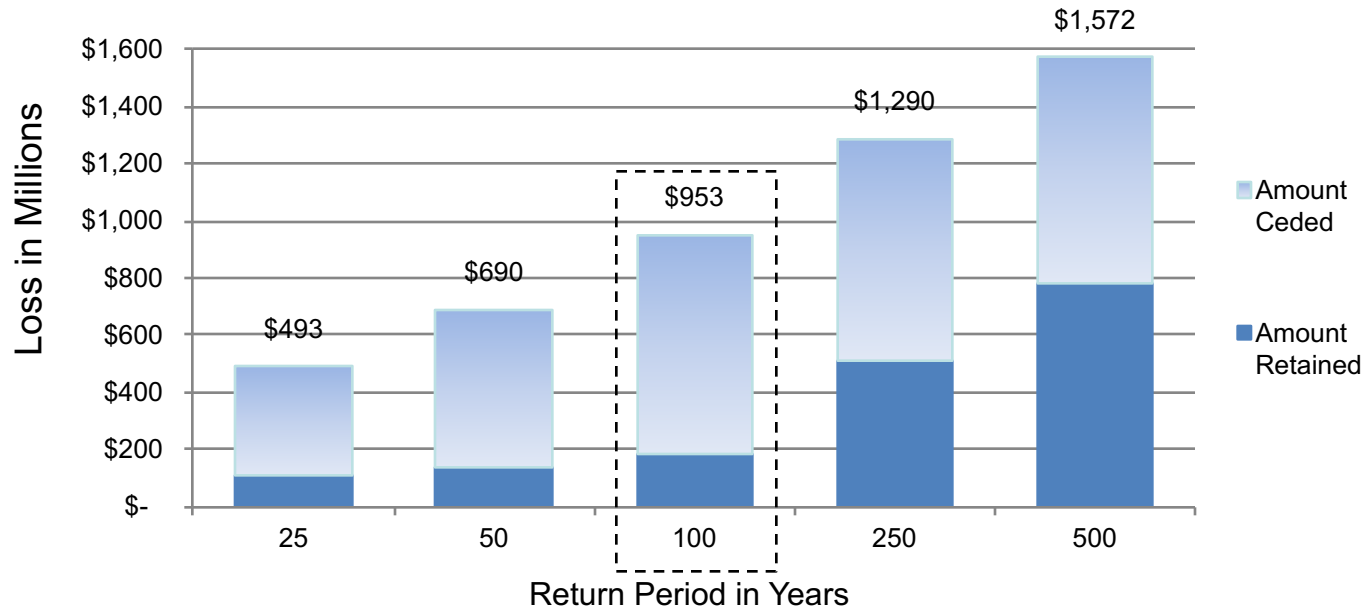
# Risk Appetite/Tolerance

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- **Definition:** Level of **variability** we are willing to accept in **pursuit of our objectives**, considering our **capital resources** and **competencies**

# Catastrophe Risk Example

## Severe Storm Losses



**Tolerance:**  
**Limit 1-in-100 (1%)**  
**loss amount to**  
**less than \$200M.**

Return	Probability	Gross Loss	Amount Ceded	Amount Retained
25	4.0%	\$ 492,900,000	\$ 381,300,000	\$ 111,600,000
50	2.0%	\$ 690,200,000	\$ 550,100,000	\$ 140,100,000
100	1.0%	\$ 953,300,000	\$ 768,100,000	\$ 185,200,000
250	0.4%	\$ 1,289,500,000	\$ 781,700,000	\$ 507,800,000
500	0.2%	\$ 1,572,100,000	\$ 788,600,000	\$ 783,500,000

# Types of Business

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- **Personal Lines**

- Homeowners
- Personal Auto

- **Commercial Lines**

- Businessowners
- Commercial Auto
- Property & Liability

- **Specialty**

- Specialty Property - Named Storm (i.e. hurricane coverage)
- Specialty Liability
- Workers Compensation

# Valuable Skills

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- MS Excel and Access, SAS, R, programming
- Economics, finance, risk management
- Communication skills
- VEE credits
- Actuarial exams
- Technical work or research experience



# The Summer Internship Experience!



# Summer Intern Opportunities

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## Actuarial Internships

- Focused on performing a state rate review, including data analysis, recommendations, decisions and state rate filing
- 12-week, paid internship in the Actuarial Division that runs late May-August
- To apply, please see FutureLink – application deadline is 11/1/16

# Summer Intern Opportunities (cont.)

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## Dedicated Internship

- One intern position is reserved for an OSU actuarial student. Interviews will be conducted on September 21<sup>st</sup> to confirm that placement.
- To apply, please see FutureLink
- If not selected for the one reserved actuarial internship position, your resume will be considered for other actuarial internship openings to be placed later in the year.

# State Auto Internship Experience

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- Hands-on learning opportunities
- Lunch with CEO and other senior executives
- Educational workshops (i.e. etiquette, resume writing, interviewing, etc.)
- Mentoring and networking that includes active coaching and feedback to hone skills
- Visibility with all leaders and hiring managers throughout the organization
- Final presentations to State Auto leaders based on learnings gained and opportunities identified
- Potential full-time employment upon graduation

# Full Time Employment Opportunities

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- Several positions annually
- Opportunities through the year
- Actuarial positions are typically ratemaking or reserving roles
- A variety of other full-time opportunities are also available at State Auto
- Team oriented, collaborative, learning culture
- Attractive benefits package

# Questions?