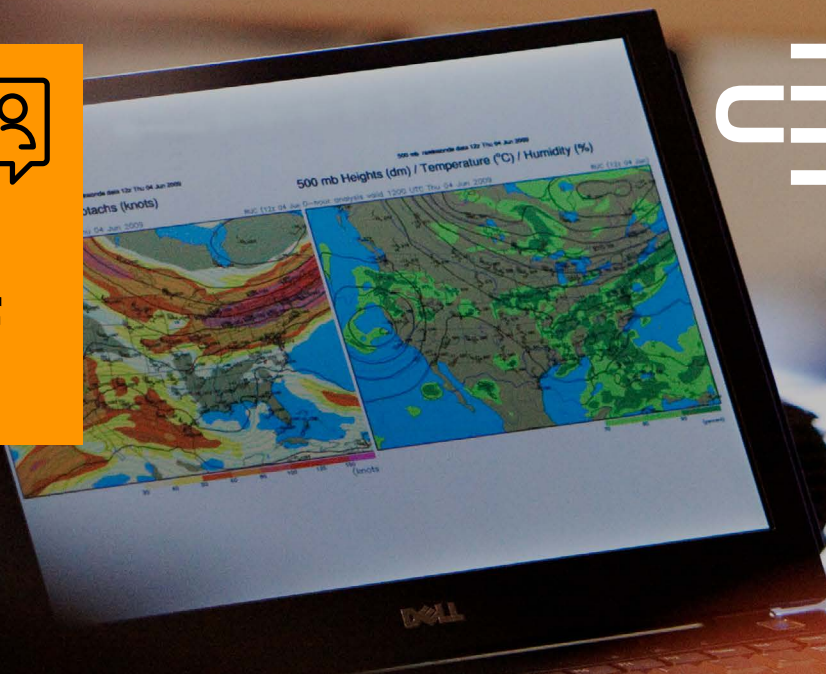
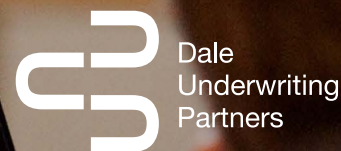


The Dale Debrief

Issue: 04



Q&A with Vanessa Jones



Vanessa Jones
Head of
Exposure
Management

Q. How has the insurance industry's approach to managing catastrophe risk evolved in recent years, and what trends do you anticipate in the future?

A. I believe that having a complete view of risk, including non-nat cat elements, is crucial to represent a risk profile more fully. This is important for both smaller, more attritional perils as well as material drivers. By looking at the whole range of risk and not exclusively on our tail perils, we can better manage the volatility in underwriting results.

Historically, cat risk management has been very focused on the tail risk of a portfolio. However, we are now progressing towards being able to manage the wider spectrum of risks. This is especially important

given the current state of Climate Change, which introduces greater uncertainty in the market.

Q. What is the biggest challenge you face in managing catastrophe risk, and how do you address it?

A. While managing cat risk is like managing any other risk, the biggest challenge we face is reducing surprises.

It is important to recognise that models are a simplified version of reality, and they will never provide a complete answer on their own. Narrowing the gap between a model estimate and reality requires a combination of our industry expertise and effective utilisation of technology.

By being adaptive and using technology efficiently, enabling us to rapidly process large amounts of data, we can identify patterns and trends that would be difficult to discern through manual analysis. Our expert judgment, combined with this data-driven approach,

enables us to make more informed decisions and effectively manage catastrophe risk.

Q. What inspired you to pursue a career in exposure management, and how did you get started in the insurance industry?

A. My academic background is in geophysical risk, and I was particularly interested in volcanology. I conducted research on probabilistic modelling of eruption outcomes for my thesis. However, I didn't want to stay in academia and needed a job.

While studying at University College London, I learned about cat modelling and its application in the insurance industry. I was fascinated by the idea of using models to estimate potential losses from catastrophic events, and I thought it would suit my research-based interest.

I applied to a model vendor and went through an interview process. Unfortunately, I listened to some terrible advice which didn't



prepare me well for the interview. Despite this, I got a job at Faraday Syndicate in 2005, just a few months before Hurricane Katrina hit.



The experience of working through the aftermath of Katrina was both challenging and fascinating, and it solidified my interest in exposure management. It was clear to me that this was an industry where I could apply my skills and knowledge to make a real impact.

Q. What do you think are the most important skills for success in exposure management, and how do you continue to develop these skills over time?

A. Exposure management has evolved from a niche role to a varied profession with its own recognised qualifications. It is a multidisciplinary function that lies at the intersection of underwriting, IT, and actuarial work, requiring a broad range of abilities and a problem-solving mindset. As this profession is still establishing itself, being a multitasker and a good listener is crucial to success.



I have found that being integrated into the business is essential for exposure management professionals.

It is important not to work in an organisation that silos modelling as a back-office function. Listening is

always a key skill, and continuous learning is critical in this field. Over time, skills like coding become increasingly important, but it can be challenging to maintain proficiency. Learning coding is like learning a language; you must use it regularly to retain it.

Q. How do you think finance should be involved in exposure management, and what are the challenges regarding data consistency?

A. If I had to identify an area where we could benefit from closer ties in data management, it would be with the claims team. Validating our models by comparing estimated losses to actual losses is a critical step in the process, but it can be challenging given the way that claims data is collated. Improving our ability to track and analyse claims data would bring a wealth of information and validation to our forecasting.

Regarding finance, our collaboration tends to come later in the process. Exposure data includes detailed information about buildings, their value, and other descriptive data that we use to inform our calculations. While we do include premium data, we are not driving premium reporting as the finance team do.

Q. How do you evaluate the impact of climate change on the risk landscape, and how does this inform your risk management strategies?

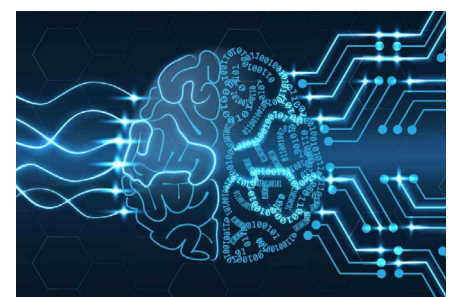
A. There are two primary elements to consider. Firstly, it is crucial to ensure that our models accurately capture the current climate with climate change considered, so that we can price risk and manage our portfolio effectively over the short-term. This is achieved through our rigorous model validation process.

Secondly, we must take a forward-looking approach and develop sustainable strategies for managing our portfolio over time, knowing that the impacts of climate change will inevitably modify our view of risk. While there is no easy answer to this, we have established a framework that identifies and evaluates where we think the impacts to our business will be. This framework is maintained on a rolling basis and utilises every piece of information available to us. It is also an integral part of our ESG strategy.

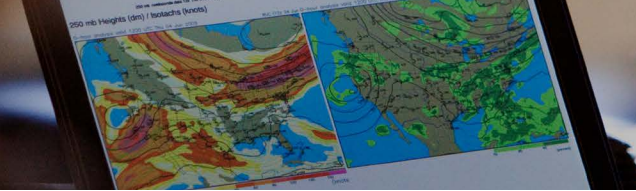


Climate change adds uncertainty to our longer-term business planning process. Therefore, we must remain proactive and vigilant, adapting our strategies to ensure that we stay ahead of the curve.

Q. What can you tell me the role of AI in managing the large datasets associated with it?



A. AI is already playing a role in catastrophe modelling where the ability to learn from data without relying on rules-based programming can bring insight. This potential makes it ideal for managing big datasets, which is a problem we face in Exposure Management due to the huge volumes of data we now deal with.



One potential use of AI in this context is creating a solution for dealing with client data cleansing and formatting. This is a time-consuming process that must be done by each company individually and can cause delays and errors. Additionally, AI can be used to exploit radar imagery to aid claims assessment, especially for post event flood analysis, and improve runtimes in our models, which would be a huge advantage for running analyses more efficiently.

Q. Can you tell us about a mentor or role model who has influenced your approach to risk management, and what you learned from them?

A. I've had two role models who have greatly influenced my approach to risk management. Both are senior women in the insurance industry. They have helped me to think beyond the immediate challenges and consider the bigger picture when it comes to developing our exposure management strategy.

On a personal level, they have taught me the importance of knowing my own value and what I can contribute to the business. It's essential to be aware of your own strengths and unique selling points, as these are what can set you apart and help you to make a valuable contribution to the team.



I learned to see my colleagues as clients, which was a great mindset to get into.

Q. What is one thing about yourself that most people don't know, but that you think has contributed to your success in this field?

A. Well, I would say that one thing that has helped me in my career is a mindset that I developed while working as a consultant. I learned to see my colleagues as clients, which was a great mindset to get into. It's all about asking yourself, "What can I do for you as my customer?" I have a set of skills, and you have needs. So, where do we match up? This approach helps you value your skills and focus on what you're good at, while putting aside things you're not so good at. And ultimately, it enables you to better serve your clients and achieve success in your field.

Q. What advice would you give someone just starting out in exposure management?

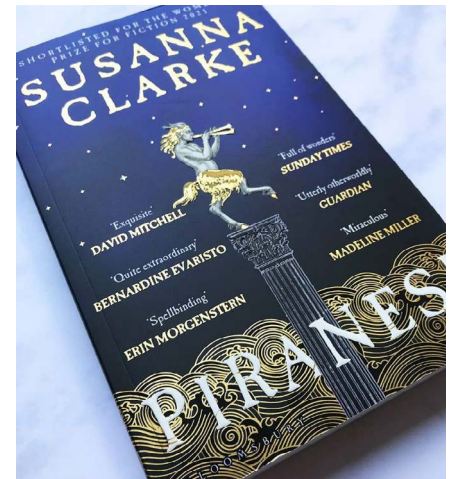


A. Make sure you work in a collaborative place and build up your knowledge across the business. Also be ready to work on ever shifting sands, when I started it was just about cat modelling nat cats, now we're dealing with cyber and liability aggregations and focusing on having a complete view of risk. The learning curve stays steep, no matter how experienced you are. The industry has evolved

significantly over the years, and you need to understand how to use a cat model and the strengths and weaknesses of such models.

Q. What book are you reading currently?

A. Piranesi by Susanna Clarke. Brilliantly peculiar.



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