To: Richard Piazza, Chair, Casualty Actuarial and Statistical (C) Task Force  
From: Joe Murphy, Chair, Auto Insurance (C/D) Study Group  
Date: November 11, 2014  
Re: Request to Research Issues Related to Price Optimization  

The issue of price optimization was first brought before the Auto Insurance (C/D) Study Group in December 2013. Subsequently, the Study Group reached out to vendors of price optimization and heard presentations from Earnix and Towers Watson. The Study Group also received responses from these two vendors to questions that were sent by the Study Group.

On Aug. 16, 2014, the Study Group decided that, because the topic of price optimization goes beyond auto insurance and requires a great deal of actuarial expertise, it is best suited before the Casualty Actuarial and Statistical (C) Task Force.

We would ask that you conduct the necessary research on the use of price optimization, including regulatory implications, and respond to this Study Group with a report or white paper documenting the relevant issues.

The Auto Study Group has collected the following documents that are attached to this memo:

- March 17, 2014, Presentation from Earnix
- March 21, 2014, Letter from Bob Hunter
- March 28, 2014, Letter from Bob Hunter and Birny Birnbaum
- July 28, 2014, Presentation from Towers Watson
- Aug. 8, 2014, Letter from Bob Hunter
- Aug. 16, 2014, Letter from Birny Birnbaum
- Aug. 28, 2014, Response from Earnix
- Oct. 31, 2014 Maryland Department of Insurance Bulletin
- Nov. 3, 2014, Response from Towers Watson
- Excerpt of Auto Study Group Minutes

If you have any further questions, please contact me or NAIC staff Aaron Brandenburg (abrandenburg@naic.org).