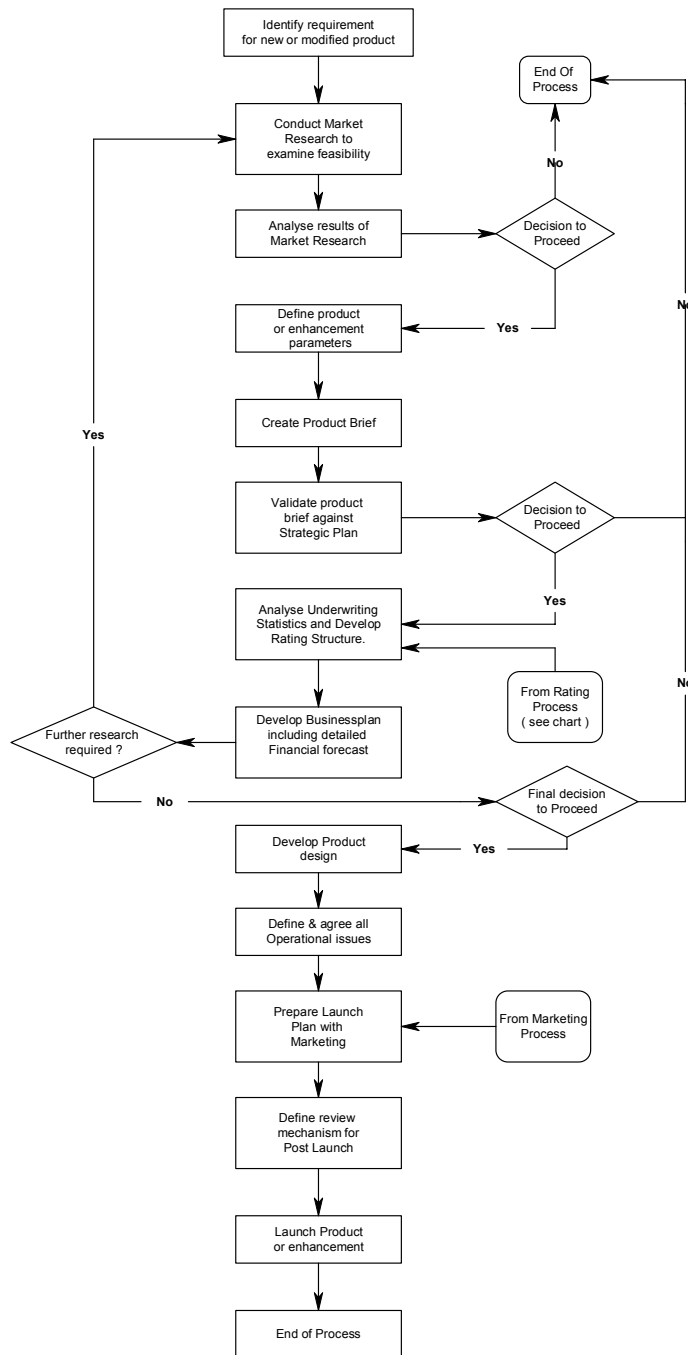


## PRODUCT DEVELOPMENT PROCESS



## **PRODUCT DEVELOPMENT PROCESS - Process Description**

### **Identify Requirement for New or Modified Product**

Identification of a requirement for a new or modified product(s) may occur through any combination of the following activities:

- Identification of anomalies in business performance.
- Identification of reasons for performance variance.
- Validation of measurement mechanisms and performance indices.
- Identification of market opportunities through market and customer research.
- Understanding of impacts of market de-regulation and other legislative change
- Business requirement to expand product portfolio, market share, exposures etc

### **Undertake Initial Market Research**

- Initial market research may be undertaken by the Marketing Department or by an external agency appointed by the Marketing Department.
- Internal research may be undertaken through the use of customer feedback surveys and focus groups.

### **Analyse Results**

- Analysis of results may be done manually using spread sheeting tools or through the use of statistical packages and may include comparison with competitors products and benchmarking against best practice.

### **Define Product or Enhancement Parameters**

- Definition of the product type or enhancement will include:
- Target Market
- Cover provided
- Brief summary of terms and conditions

### **Create Product Brief**

Should it be feasible to proceed with product development a detailed product brief will be created. This will include:

- Target Market
- Expected Results
- Expected Average Premium
- Customer Requirements
- Distribution Channels
- Operational Requirements
- Other Business Benefits (including innovation)
- Changes to Strategic or Operational Plans

### **Validate Product Brief against Strategic ( or Operational ) Plan**

- The product brief will be reviewed against the Strategic or operational plan to check for validity and acceptability. ( is this development in line with corporate goals ? )

### **Decision to Proceed?**

- If the Product Brief is acceptable and agreed, further work will continue, if not further research may be undertaken, or the product development planned may end.

### **Analyse Underwriting Statistics and develop rating structure**

- Analysis of results may be done manually using spread sheeting tools or through the use of statistical packages.
- A definition of report requirements will be necessary to ensure that appropriate criteria can be identified for data analysis.
- There will be input to this process from the rating process.

### **Develop Businessplan including detailed Financial forecast**

- Based on the results of initial research and the product brief a business plan will be drafted, this would include:
  - Projected volumes
  - Projected Premium income
  - Projected Claims frequency
  - Projected Loss ratio
  - Investment requirements
  - Anticipated expense levels
  - Marketing spend
  - Break Even Point

### **Further Research Required?**

- An assessment will be made to assess whether further information and, therefore, research is required.

- In the event of further research being required, a market research brief will be required.

### **Decision to Proceed?**

- Formal assessment of the research results and analysis will be required to determine the validity of proceeding.

### **Develop Product Design**

Should it be feasible to proceed with product development a detailed product design should be created. This will include:

- Coverages
- Exclusions
- Limits
- Rating Factors
- Reinsurance requirements
- Legal Constraints
- Policy Wording
- Service Level Requirements
- Add ons/Up Selling/Helpline links, etc

### **Define & agree all Operational Issues**

- Operational support and training will be required to ensure that appropriate resources, infrastructure and IT support is provided.

### **Launch Product**

- The product is launched by the Marketing Department, the content of which will be defined within the Marketing process.