

Risk and Insurance Award

Range of Innovation Talent

Risk and Insurance names Jay Vadiveloo a 2012 Risk Innovator™. This year's Risk Innovator winners reflect the range of talents and backgrounds the insurance industry is capable of attracting, and how humanistic it is at its core. This year's contest saw our editorial team arrive at 15 winning innovations. Ten of the Risk Innovator™ awards went to individuals, four of them were shared between two people and one award was given to two teams. As our editorial team reviewed this year's pool of applicants, keeping in mind the dual criteria of creativity and execution, we observed two marked trends.

Worker Safety

One trend is that many of the applications submitted were focused to one degree or another on worker safety. Perhaps no one should be surprised by this given that workers' compensation combined ratios nationally have reached mortifying places. Fitch Ratings calculated an industry-wide combined ratio for workers' comp of about 117 for 2011 and many think that the sector could deliver an even worse number in 2012. It's a tough call in many cases to make, but ours to make nevertheless, whether a safety program is simply a case of a safety prevention job well done, or represents an innovation.

Devoted to Data As dynamic and concentrated as the innovative work in worker safety is, there is another trend that we have observed, not only in our pool of Risk Innovator™ applicants, but in the industry overall. That trend is the amount of human talent and other resources that are being devoted to improving the industry's ability to use data and create more effective models. The emergence last year of a new CAT property model, RMS Risklink version 11, caused consternation among carriers and their clients because it projected traditionally coastal storm risks further inland. Dissatisfied and unnerved by the increased risk valuations the model produced, the industry has been searching for alternatives.

"The RMS model changes last year produced heavy skepticism and prompted the market to take more responsibility for establishing their views of risk -- views which are only partly informed by commercial catastrophe models," Sherry Thomas, head of Catastrophe Management- Americas, Guy Carpenter & Co., told Risk & Insurance® earlier this year.

Towers Watson's Jeyraj (Jay) Vadiveloo got so excited about a data sampling technique he developed that a colleague heard him shouting into the phone when he had confirmed his discovery. "He's got a touch of the nutty professor in him," said his colleague Steve Bochanski. But Vadiveloo's innovation, Replicated Stratified Sampling, shows the potential to more swiftly and easily perform computations that will allow insurers to better analyze long-tail risks. Stress

testing, setting reserves for variable annuities, profitability analysis and capital modeling are all potential applications. The U.S. Patent and Trademark office this year issued Towers Watson two patents for Vadiveloo's innovation.

Vadiveloo, a native of Malaysia, earned his doctorate at the University of California at Berkeley and taught at Syracuse University and the University of Oklahoma before seeking a practical outlet for his gifts and knowledge in the actuarial sciences...

From the high technology of Vadiveloo's work, to the bottom-line humanism of workers' compensation regulator Laura Collins, this year's Risk Innovator™ winners demonstrate that this industry should applaud itself for the range of talent it employs and how passionately some of these professionals pursue what they do to make a living and to insure the livings and lives of others. Some of these innovators did something you could almost classify as simple and obvious. Some of them did something highly technical and complex. But all of them achieved what they did because they saw a need and did something about it.