

# Achieving a sustainable competitive edge in P&C insurance pricing



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Property and casualty (P&C) insurers are under pressure to make faster pricing decisions without sacrificing fairness, transparency or control. New data sources and technological advances create opportunity, but legacy pricing approaches – static models, fragmented workflows and rigid infrastructure – slow insurers down and make change harder to govern. Leading pricing organizations are shifting to cloud-native platforms, advanced analytics and collaborative operating models that support rapid iteration and defensible decisions in a volatile risk environment.

This shift raises the bar for actuarial, product and underwriting leaders. Success requires orchestrating cross-functional, data-driven strategies that improve profitability and strengthen compliance. Guidewire PricingCenter, combined with EY actuarial, product and technology experience, helps insurers to industrialize pricing development, deployment, and governance at scale.

## Key trends shaping P&C pricing

- **Data-driven pricing and analytics:** The growth of structured and unstructured data allows for more granular segmentation and nuanced risk assessment. External data sources (telematics, Internet of Things (IoT) sensor feeds, real-time weather) increasingly integrate with internal policy and claims information, supporting personalized pricing and risk-based underwriting through machine learning and predictive analytics.
- **Regulatory intensity:** Scrutiny of pricing fairness and transparency continues to increase. Insurers must confirm explainability of rating factors and robust governance frameworks to comply with evolving mandates around data privacy and bias mitigation.
- **Accelerated product innovation:** Insurers must quickly deliver new products and coverage variants, implement rate revisions efficiently and bring updated premiums to market without delay. Usage-based insurance (UBI), parametric products and coverage tailored to emerging risks (e.g., cyber, climate resilience and weather events) require flexible pricing infrastructure, iterative modeling and rapid deployments. Agile product development cycles are replacing traditional waterfall approaches.
- **Cloud and digital transformation:** Migration to cloud-native platforms enhances scalability, operational efficiency and the integration of advanced analytics and business intelligence tools. Guidewire Cloud Platform brings together cloud-native capabilities purpose-built for the P&C industry and is curated based on years of customer feedback and sustained research and development (R&D) investment. It enables insurers to rely on an industry-leading cloud-native platform to confidently build and enhance digital offerings, deliver omnichannel customer experiences, and embed analytics directly into business processes and decision-making without friction.
- **Customer-centricity and personalization:** Today's insurance buyers expect transparent communication, tailored coverages and responsive service. Insurers are leveraging digital platforms and behavioral data to refine segmentation and offer bespoke products, creating a competitive edge in acquisition and retention.

# Shifting the focus from compliance to competitive advantage

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Forward-thinking insurers aren't treating governance as a constraint – they use it to move faster with confidence. The most effective pricing transformations focus on:

- **Enterprise pricing governance:** Implement frameworks for model governance, version control and auditability – including structured approvals, automated documentation and ongoing monitoring against key performance indicators (KPIs) and regulatory benchmarks.
- **Cross-functional collaboration:** Establish clear collaboration across distribution/agents, underwriting, product, actuarial, legal/compliance, and technology to accelerate innovation and improve pricing accuracy.
- **Modernized operating models:** Equip product specialists and pricing actuaries with tools that reduce IT dependencies, return ownership of pricing models and rates to actuaries, and free IT capacity to focus on platform enablement and automation.
- **Streamlined workflows and fostering an agile culture:** Redesign product and rate-change workflows to remove bottlenecks and enable rapid iteration – shifting from long-cycle product development to an agile approach that prioritizes speed, flexibility and responsiveness to market changes.
- **Disciplined execution through KPIs and continuous improvement:** Define measurable KPIs for launch speed, performance and outcomes – then use retrospectives and feedback loops to sustain momentum and evolve products as customer demands and competitive pressures shift.
- **Continuous learning and model evolution:** Leading insurers build continuous improvement cycles, expand their predictive model suite and use data feedback loops to accelerate feature selection and recalibrate parameters in near real time – improving accuracy and adaptability in volatile risk environments.
- **Agile customer engagement:** Trust and loyalty remain decisive in pricing strategy and execution. Top-performing insurers incorporate customer feedback and behavioral signals into pricing to align business objectives with highly specific segment, risk and distribution needs.

Technology is the enabler – but the differentiator is combining robust platforms with actuarial and business expertise to execute change quickly and defensibly.

# Guidewire PricingCenter as a strategic foundation

Guidewire PricingCenter is a cloud-native pricing engine designed specifically for the P&C insurance market. It centralizes pricing model development, testing, deployment and governance. Its architecture supports integration with enterprise policy, billing and claims systems, as well as external data and analytics platforms.

Capability	Description	Business impact
Centralized model management	Unified repository for all pricing models, with version control and workflow automation	Enhances consistency, auditability, and reduces operational risk
Advanced analytics integration	Ingests externally built predictive models and connects to external data sources	Empowers actuaries to leverage state-of-the-art analytics for targeted pricing
Collaborative workspace	Enables simultaneous, role-based access for actuaries, product and underwriting teams	Accelerates product launches and strengthens alignment across domains
Compliance and audit readiness	Comprehensive logging, documentation and automated regulatory reporting	Reduces compliance risk and supports rapid response to audits or regulatory inquiries
Cloud-native infrastructure	Scalable, secure, and resilient deployment on Guidewire Cloud Platform	Facilitates cost-effective operations and future-proofs technology investments

## Key features and differentiators

- **Model externalization:** Pricing models are decoupled from core policy systems, enabling rapid iteration and deployment independent of broader system upgrades.
- **Real-time rating engine:** Instantaneous quote generation and price recalculation support both direct-to-consumer and intermediary-driven distribution models, with the flexibility to implement both explicit rating algorithms as well as deploying model output directly.
- **Role-based access and security:** Advanced user management confirms that sensitive models and data are only accessible to authorized personnel, supporting robust internal controls.
- **Native connectivity with Guidewire ecosystem:** PricingCenter natively connects with Guidewire PolicyCenter, Guidewire Data Platform and Advanced Product Designer, providing seamless workflow and data continuity from product definition to live pricing models.
- **API-driven ecosystem:** Open Application Programming Interfaces (APIs) facilitate connectivity to existing non-Guidewire policy administration systems, data lakes, external analytics and business intelligence platforms.

# Business outcomes enabled by PricingCenter

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Insurers leveraging PricingCenter realize significant business benefits, which are only further enhanced when leveraging the overall Guidewire Cloud Platform ecosystem:

- **Accelerated product development and maintenance:** Time-to-market for new products and rating updates is reduced, enabling rapid response to emerging risks and customer needs.
- **Improved pricing precision:** Enhanced analytics and granular segmentation drive profitability and portfolio performance.
- **Operational efficiency:** Centralized control, automation and cloud-native deployment lower total cost of ownership of actuarial business functions and reduce manual intervention and redundant IT effort.
- **Strengthened regulatory compliance:** Automated documentation and reporting streamline regulatory reviews and mitigate audit risk.
- **Cross-functional collaboration:** Teams can collaborate in real time, fostering innovation and supporting enterprise alignment.

# An integrated proposition across the insurance value chain

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## Actuarial

- Rapidly build, test and deploy predictive models using integrated analytics and version control.
- Analyze rates and segmentation, update algorithms, perform impact analysis, and push updates directly to production from a single source of rating truth. Execute scenario analysis and back-testing to confirm models align with business objectives and risk appetite.
- Access a library of model templates, documentation utilities and statistical analysis tools.
- Collaborate with product and underwriting teams to embed actuarial insight across the pricing lifecycle.
- Respond quickly to regulatory changes through automated rating examples, documentation, workflow and audit trails.

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## Product and underwriting

- Launch new products and coverage variations faster, leveraging modular product model components and reusable rate libraries.
- Utilize pricing simulations and analytical tools for real-time feedback, optimizing portfolio mix and pricing strategies.
- Gain transparency into rating logic and calculation drivers, enhancing decision-making and portfolio management.
- Manage compliance and audit risks through automated workflows and robust documentation.
- Coordinate with actuarial and IT teams to support seamless product launches and governance.
- Provide proactive insights into product performance to support decisioning and ability to make more targeted appetite adjustments and pricing and rating changes.

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## Technology

- Enable cloud-native scalability, resilience and security, reducing infrastructure overhead and supporting business continuity.
- Implement API-driven integration with policy, claims and external data platforms for seamless interoperability.
- Establish automated deployment pipelines and model lifecycle management to support rapid innovation.
- Maintain robust user management, data encryption and access controls for regulatory compliance and operational integrity.
- Design flexible architecture to support expansion into new business lines and markets.

# Realizing value: A case study on transforming pricing strategies

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The EY team helped a mid-size personal lines insurance carrier to implement Quantee, the predecessor to PricingCenter, to enhance proactive pricing management. The client aimed to refine their pricing strategies, improve operational efficiency and increase product profitability.

Through a collaborative effort, significant improvements were achieved in the carrier's pricing management capabilities, leading to:

- **Enhanced data analysis:** The EY team prepared and analyzed data, identifying key hypotheses and abnormalities that informed the modeling approach. This foundational work allowed the client to make informed, data-driven decisions.
- **Improved model accuracy:** By estimating Generalized Linear Models for claims frequency and severity – specifically for property damage and bodily injury – the client gained a more precise understanding of risk factors, directly influencing pricing strategies.
- **Validation of predictive models:** Thorough validation of the models enabled stability and predictive power. This rigorous testing instilled confidence in the client's pricing decisions and enhanced their responsiveness to market changes.
- **Impact analysis and pricing optimization:** An impact analysis compared original premium values to new pricing structures, allowing the client to derive technical prices that better reflected risk, resulting in more competitive and profitable offerings.
- **Market benchmarking:** Benchmarking against market data provided insights into the client's pricing position relative to competitors, empowering proactive strategy adjustments and enhancing market competitiveness.
- **This collaboration not only refined the carrier's pricing management process but also positioned them for sustained growth in a competitive market. By leveraging advanced analytics and a strategic approach to pricing, the client is now better equipped to navigate the complexities of the insurance landscape.**

## Looking ahead: the future of P&C insurance pricing

Competitive advantage increasingly depends on the ability to change quickly and prove control. Insurers that modernize pricing as an enterprise capability can respond to risk volatility, meet fairness expectations and improve performance without slowing innovation. Guidewire PricingCenter, combined with EY transformation and actuarial experience, provides a foundation to operationalize governed pricing strategy at scale.

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## About EY

The EY organization works with insurers to enhance their product and pricing strategies through data-driven insights, advanced analytics and robust governance frameworks. With a focus on accelerating implementation and optimizing operating models, we help clients leverage Guidewire PricingCenter to improve efficiency and responsiveness in pricing management. By integrating deep actuarial experience with technology solutions, we empower insurers to navigate the complexities of the market and achieve sustainable growth.

## About Guidewire

Guidewire is the platform P&C insurers trust to engage, innovate and grow efficiently. More than 570 insurers in 43 countries, from new ventures to the largest and most complex in the world, rely on Guidewire products. With core systems leveraging data and analytics, digital and artificial intelligence, Guidewire defines cloud platform excellence for P&C insurers.

We are proud of our unparalleled implementation record, with 1,700+ successful projects supported by the industry's largest R&D team and System Integrator partner ecosystem. Our marketplace represents the largest partner community in P&C, where customers can access hundreds of applications to accelerate integration, localization and innovation.

## EY | Building a better working world

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