

Case Study:

Quality data streamlines insurer's decision-making, improves competitiveness

Overview

A large insurer offers a broad range of property/casualty products across most U.S. states and the District of Columbia. The company works through independent insurance agents, who live in the communities they serve and build relationships to support satisfied, loyal policyholders.

To streamline and improve underwriting and pricing decisions, the insurer's personal-lines group rolled out an array of Precisely Spectrum solutions and datasets. The result is a straight-through process that, in many cases, enables policies to be written without input from a human underwriter. For policies that require human intervention, Spectrum Spatial streamlines decision-making. Both approaches save time for agents and for the insurer's internal staff. They also lead to better underwriting and pricing decisions.

Business challenge

For a property/casualty insurer, having high-quality information about each insured property is key to effectively managing risks. "Every insurer uses rating segmentation," explains the company's vice president of operations, personal lines department. "Underwriting decisions are based on external data, loss experience, and capacity in each geography."

Two decades ago, the company's personal lines transitioned from rudimentary rating software to a modern, web-based solution. The VP and his colleagues focused on supporting underwriting, rating, and compliance with comprehensive, high-quality data on every property.

"If actuaries are basing rates on inaccurate data, there are going to be errors in the rates," he says. "We wanted to implement a system and datasets that would provide solid and accurate information. Improving our property-related datasets supported better decision-making, and it helps ensure regulatory and tax compliance."

Client profile

Large property/casualty insurer

- Insurance company serving most U.S. states and the District of Columbia
- More than 1,000 independent agents write policies for the insurer
- Thousands of associates at headquarters support those agents

"Thanks to Spectrum Spatial and the other Precisely solutions, our underwriting, rating, and compliance decisions are not based on opinions; they're based on facts."

— Vice President, Operations, Personal Lines Department, Large Property/Casualty Insurer

Solution

Today, an agent working with a prospective property/casualty customer answers a series of questions in the insurer's policy administration system. Then, that web-based system accesses the Spectrum platform, which draws data from other Precisely solutions and datasets to support straight-through underwriting and pricing processes for many policies.

Spectrum Global Addressing performs address validations. Spectrum Global Geocoding (with MLD) provides address-related reference data. Spectrum Enterprise Tax identifies tax districts for taxes on premiums. The Precisely Risk Data Suite offers details on the property's chances of earthquake, fire, flooding, and other hazards. Additional datasets provide boundary information, like ZIP Codes. The insurer uses Precisely MapInfo Pro to digitize its ratings territories, as well as for any *ad hoc* geographic analyses it needs to perform.

For policies that require human review, Spectrum Spatial data visualization enhances underwriters' decision-making. The solution displays all the data associated with a property, overlaid onto a map. Each Precisely dataset populates a layer that users can turn on or off, depending on their needs. And the map-based format enhances end users' data analysis. For example, using the Flood Risk dataset (which is included in the Risk Data Suite), an underwriter can draw a line from a property to a body of water and view the elevation at each point along that line. This enables a much more in-depth look at flood risk than the distance to water would offer alone.

The map-based visualization in Spectrum Spatial also incorporates the insurer's concentration of risk in a particular area. This ensures staff have all the relevant details on a property during their decision-making, while minimizing the amount of time they spend accessing that information.

Benefits

By combining quality external data with internal loss information, the insurer saves agents time. Prefilled fields in the policy administration system reduce the number of questions agents have to ask customers. "They hit enter, and that policy is out the door," the VP of operations says. "We issue quite a bit of business that no human in our company ever looks at."

Agents can focus on their core competency—serving as trusted advisers, he adds. "They explain what customers can do to reduce risk, but they don't have to be experts at tectonic plates or wildfire modeling."

Most important, the VP says, "our rates are accurate because the data is good." Increasing automation and data quality improves the company's ability to write profitable policies, which helped the insurer become more competitive in the high-net-worth market. It is also the right thing to do. "Thanks to Spectrum Spatial and the other Precisely solutions, our underwriting, rating, and compliance decisions are not based on opinions; they're based on facts," the VP concludes.

Solutions used

- Spectrum Spatial
- Spectrum Global Addressing
- Spectrum Global Geocoding (with MLD)
- Spectrum Enterprise Tax
- MapInfo Pro

Datasets used

- Risk Data Suite
- Census & Statistical Boundaries (U.S.)
- Administrative Boundaries (U.S.)
- StreetPro (Display)
- GeoEnrichment Boundaries