RISK
Exposure Management

Managing Risk for Improved Policy Pricing, Reduced PML Exposure and Greater Profitability

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I — SITUATION

INSURANCE CARRIERS NEED AN IMPROVED UNDERSTANDING OF RISK TO MANAGE THEIR EXPOSURE

1. Better Understand Risk Factors

- Superstorm Sandy in 2012 has dramatically increased the need for location intelligence & decision support technologies.
- The ability to aggregate, visualize and manage risk is fundamental to the profitability and long-term viability of insurers and reinsurers.
- Pricing continues to rise as the industry continues to generate a significant underwriting loss.

2. Better Understand Real-Time PML from all Disasters

- Volatility in weather patterns are causing ongoing concern over increased potential for claims losses and reduced profitability.
- **$10.64 TRILLION** — Insured value of residential and commercial properties in coastal U.S. counties is now greater than $10.64 trillion.
- Meteorologists are calling for more active hurricane seasons over the next few years.

3. Improve Risk Assessments and Policy Pricing

- Financial and economic upheaval have produced volatile investment returns and price-sensitive customers.
- Difficulty in measuring the company's current exposure to catastrophes threatens profitability, financial viability, and customer retention.
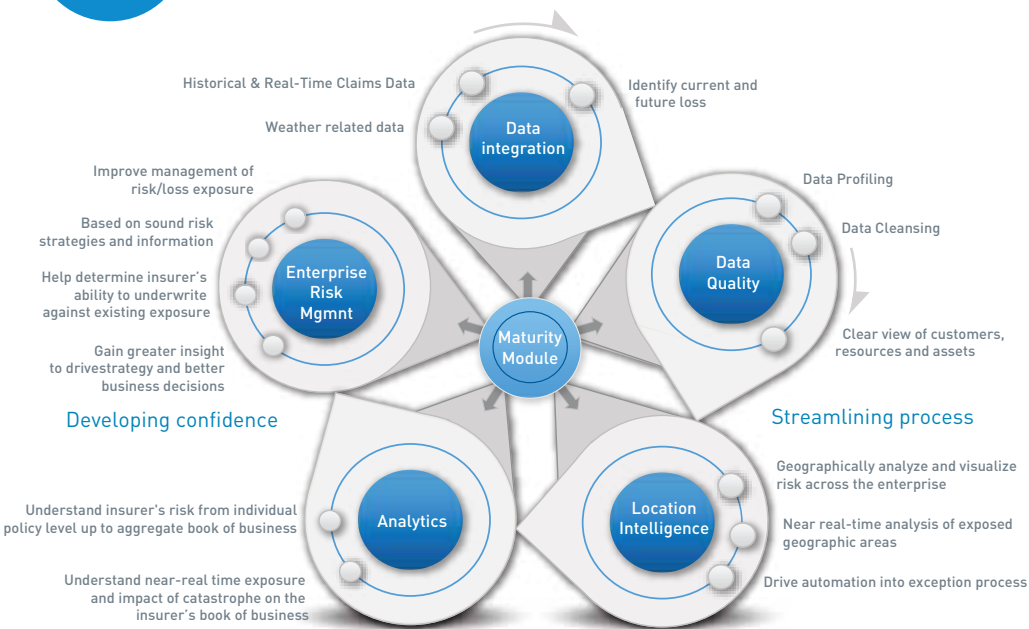- Insurers are faced with the on-going inability to accurately forecast the cost or exposure of new risks.

II — ISSUE

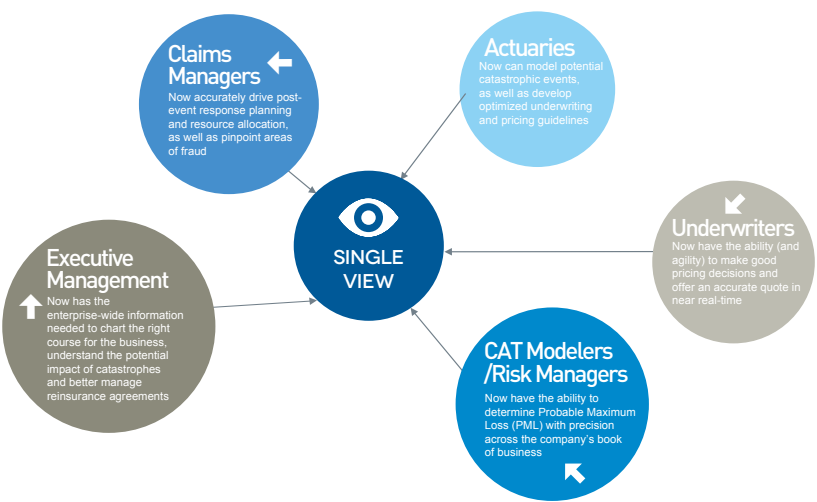## GAINING A SINGLE VIEW OF RISK ACROSS THE ORGANIZATION

Marketing · Claims · Actuarial · Executive · Underwriting · CAT Management

Risk Exposure

III — RESOLUTION

FIVE KEY STEPS TO REDUCE RISK EXPOSURE IN YOUR ORGANIZATION

Maturity Module

Data integration
- Historical & Real-Time Claims Data
- Weather related data
- Identify current and future loss

Data Quality
- Data Profiling
- Data Cleansing
- Clear view of customers, resources and assets

Location Intelligence
- Geographically analyze and visualize risk across the enterprise
- Near real-time analysis of exposed geographic areas
- Drive automation into exception process

Analytics
- Understand insurer's risk from individual policy level up to aggregate book of business
- Understand near-real time exposure and impact of catastrophe on the insurer's book of business

Enterprise Risk Mgmnt
- Improve management of risk/loss exposure
- Based on sound risk strategies and information
- Help determine insurer's ability to underwrite against existing exposure
- Gain greater insight to drive strategy and better business decisions

Developing confidence · Streamlining process

IV — RESULTS

GAIN A SINGLE VIEW OF RISK ACROSS THE ENTERPRISE

SINGLE VIEW

Claims Managers — Now accurately drive post-event response planning and resource allocation, as well as pinpoint areas of fraud

Actuaries — Now can model potential catastrophic events, as well as develop optimized underwriting and pricing guidelines

Underwriters — Now have the ability (and agility) to make good pricing decisions and offer an accurate quote in near real-time

Executive Management — Now has the enterprise-wide information needed to chart the right course for the business, understand the potential impact of catastrophes and better manage reinsurance agreements

CAT Modelers /Risk Managers — Now have the ability to determine Probable Maximum Loss (PML) with precision across the company's book of business

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RECOMMENDATIONS

Strategies

- Adopt an "Enterprise Data Strategy" to break down legacy siloes and leverage data across multiple lines of business
- Consolidate your company's GIS strategy (multiple applications data and users) to gain a single view of risk
- Leverage GIS analytics and visualization technologies to gain greater insight into risk exposure and CAT management

PROOF POINTS

The Single View of Risk whitepaper

Willis Re
"The Pitney Bowes Spectrum Technology platform enables Willis to undertake sophisticated analysis into a client's potential exposure based on the location and concentration of risk against a number of perils such as flood, wind, earthquake, explosion and bush-fire."

JAMES RIVER INSURANCE
"James River Insurance discovered the power of location intelligence technology in identifying and assessing risk exposures. But more importantly, it was able to utilize the same technology to drive greater customer satisfaction through better claims management and customer service."

FLORIDA FARM BUREAU
"Using MapInfo Professional to identify high-policy concentration areas, Florida Farm Bureau can easily evaluate how much exposure it can handle in a specific area, taking into account important factors such as profitability, market penetration, rate adequacy and catastrophic risk."

SOLUTION FOCUS

Business Intelligence · Visualization · Exposure · Risk Factors · Compliance · Insurance · Book of business · Real Time PML Loss · Pricing · Risk Management · Management information · Data Driven Insight · Policy · Potential Losses · Underwriting · Aggregation · Geographic Risk Analysis · Catastrophic Weather

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