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CONTROL YOUR EXPOSURE DATA

CONTROL YOUR DECISIONS

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Control Your Exposure Data...Control Your Decisions

- **DATA QUALITY** is an endemic challenge
 -despite the sum total of insurers EFFORTS
 - with home grown metrics, validation checks, pre-fill databases and data scrubbing

- **DATA QUALITY** problems often originate in **UNDERWRITING**

- **NEW** tools and processes are delivering **BREAKTHROUGHS**
 - Empowering the underwriter
 - Enhancing data and process where they matter most

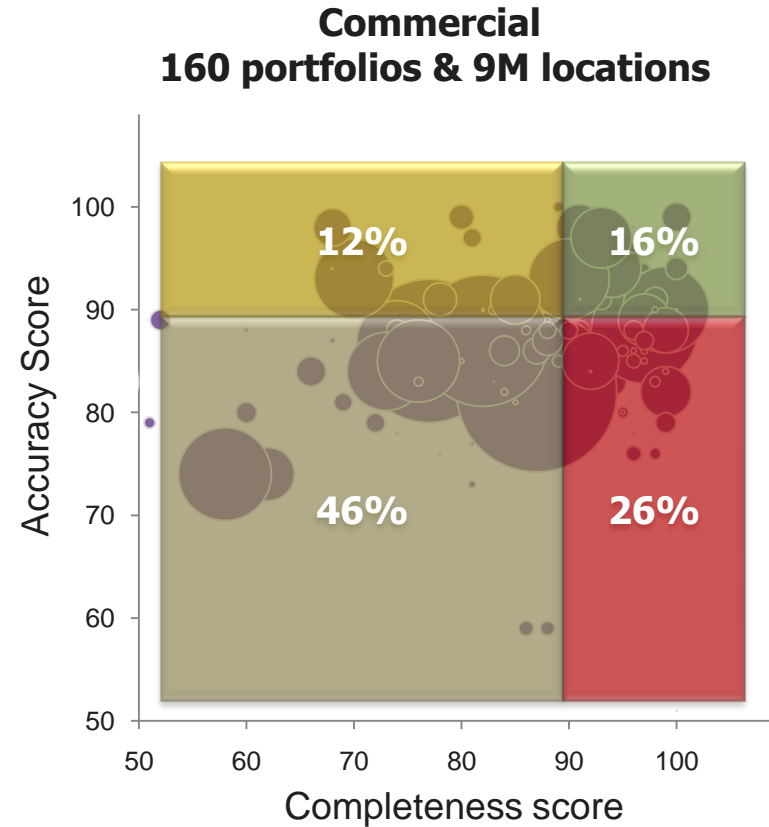
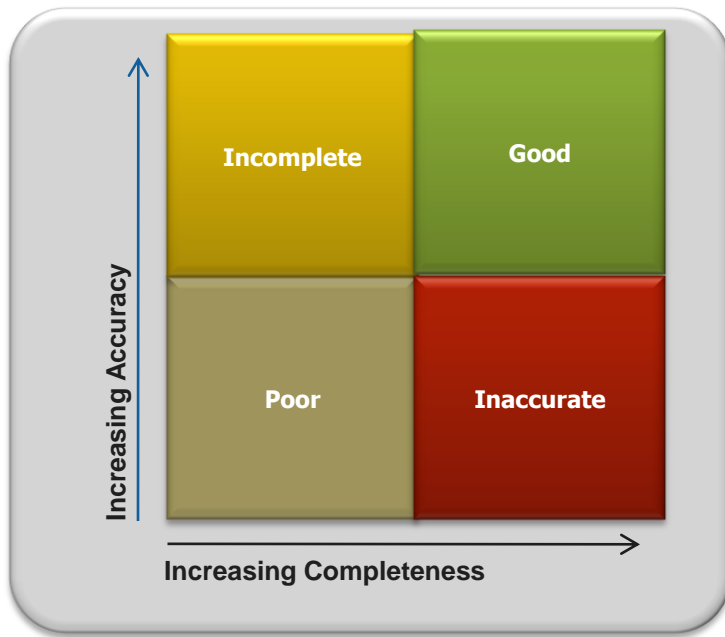
- The **INSIGHTS** presented are from **RMS BENCHMARKS**
 - RMS has 5 years in data and process outsourcing
 - Evolving from catastrophe-centric to complete underwriting
 - Benchmark study includes 248 U.S. insurance portfolios and 25M locations in 2011

50%

**...of exposed limit in the
commercial market has
inaccurate data**

Accuracy and Completeness

- Complete, yet inaccurate, data produces a false sense of confidence



Client attributes for Empire State building

#	Occupancy Description	Construction Description	Num Stories	Year Built	Difference in Average Annual Loss
1	Professional, Technical & Business Services	Masonry	105	1931	465%
2	General Commercial	Masonry	1	Unknown	225%
3	Permanent Dwelling (single family housing)	Reinforced Concrete	Unknown	Unknown	35%
4	Professional, Technical & Business Services	Reinforced Concrete	102	Unknown	-23%
5	General Commercial	Unknown	1	1996	102%
6	Telephone & Telegraph	Unknown	Unknown	1931	132%
7	Entertainment & Recreation	Unknown	1	Unknown	124%
8	Unknown	Unknown	Unknown	Unknown	76%
9	General Commercial	Unknown	102	1931	8%



350 5th Ave, New York, NY 10018

Actually:

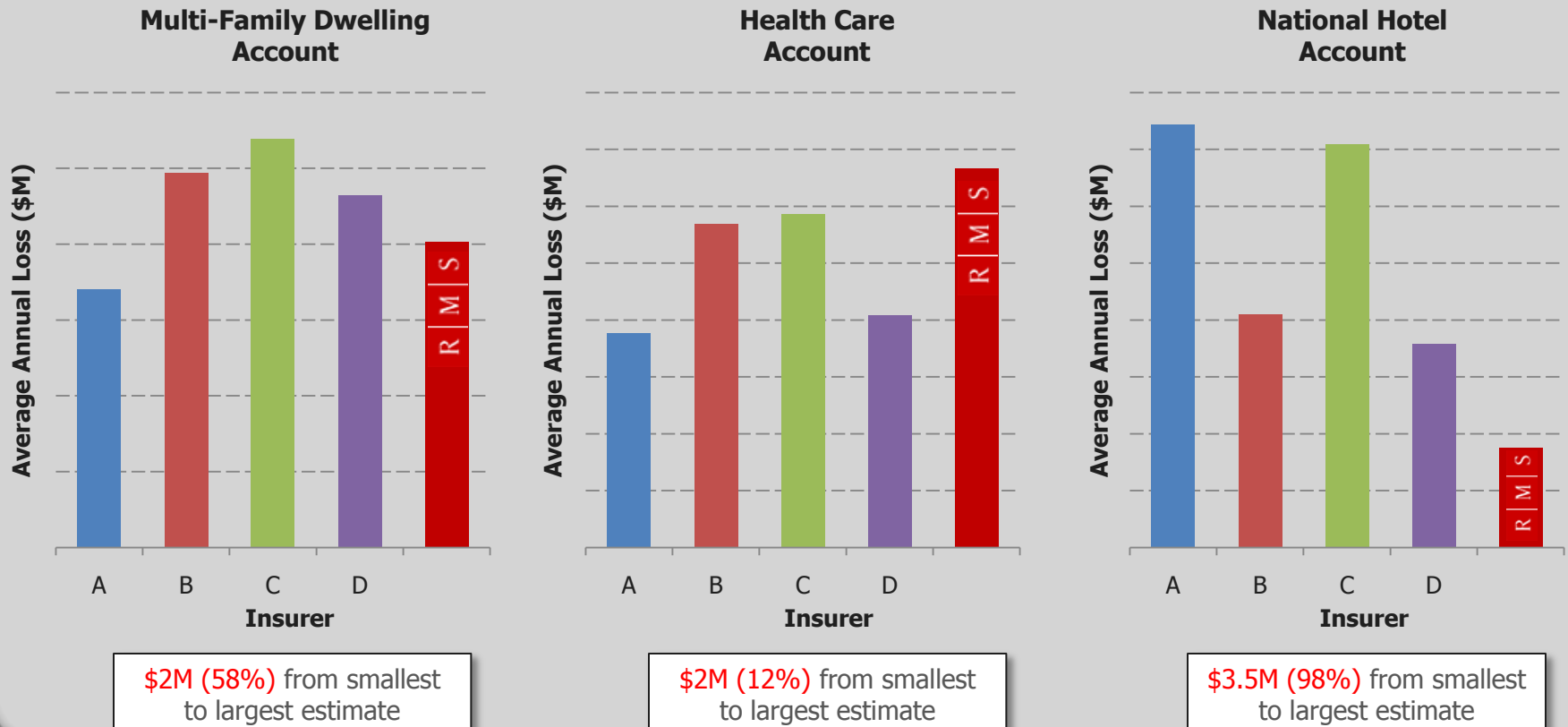
- General Commercial
- Steel Frame
- 102 stories
- Built 1931

100%

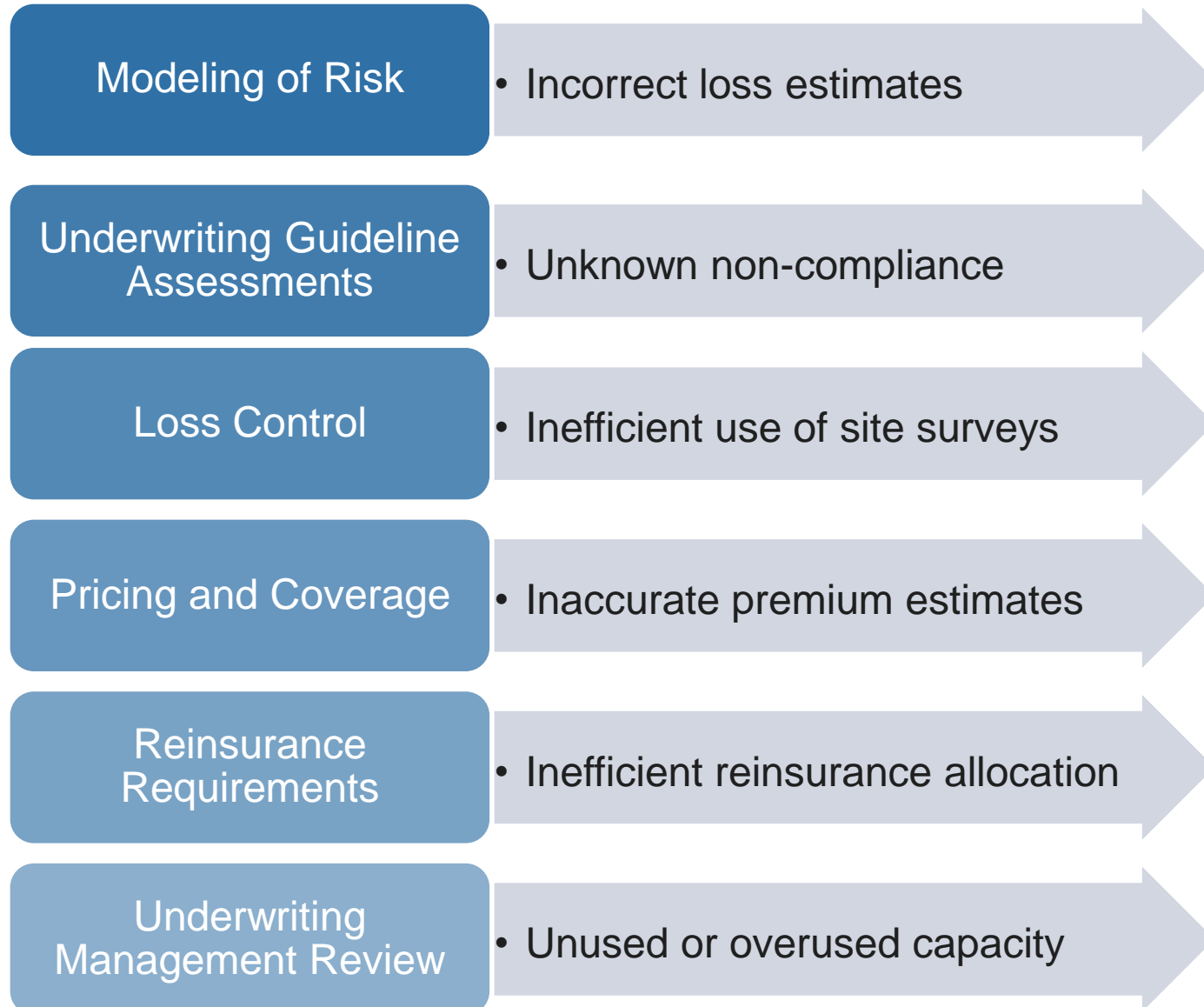
**...the percentage by which
the assessment of an account
can vary across multiple
insurers**

Identical accounts are frequently modeled inconsistently

Modeled Loss for 3 Accounts, by 4 Different Insurers



Downstream impacts of poor data quality



Insurers use a variety of breakthrough solutions

Stages that problems occur

Data Formatting



Data Import and Pre-Fill



Data Evaluation and Enhancement

New solution	Benefits
Dedicated resources or outsource cleansing	Place process in the hands of experts
	Free resource to focus on underwriting
	Establish a consistent approach

New solution	Benefits
Improved data assets	Increase data completeness
	Increase data accuracy
	Provide hazard, permit, build quality, roof age

New solution	Benefits
Applied data quality analytics	Better quantify <u>impact</u> of poor data quality
	Prioritize locations to improve with effort / dollars
	Evolve underwriting guidelines

Better Data, Better Decisions

Generate enterprise-wide value through better quality and management of data

Improve risk selection

- Enhance data to improve loss estimates and exploit market misinterpretation of risks
- Establish benchmark scores for completeness and accuracy
- Upgrade underwriting guidelines – screen risks based on scores and effort to improve

Control peripheral underwriting expenses

- Utilize model-informed guidelines to screen accounts more efficiently
- Identify locations that matter most to modeled losses...and thus merit loss control services

Support better reinsurance purchasing

- Use same metrics reinsurers are using
- Utilize improved loss estimates to determine reinsurance requirements

Optimize capital allocation

- Identify drivers of overall data quality: by region, LOB, producer, etc.
- Proactively target renewing business that drives data quality

Be recognized as a market leader

- Demonstrate data quality efforts to reinsurers, regulators, and rating agencies
- Achieve competitive advantage over others who use traditional data quality methods

Questions for Underwriters to Advance Data Quality

Strength of our data quality metrics

- How do we quantitatively relate our data quality metrics to confidence in loss estimation?
- Can we evaluate data quality with exposed limit instead of TIV ... we would not price a policy without deductibles, limits, and attachment points?
- Do we have a list of the renewal accounts that most affect the portfolio's data quality each month?

Pre-fill data sources

- Are pre-fill data sources swapping our poor data for their poor data?
- Do they blend multiple sources together for a best confidence answer?
- Do they transparently expose the confidence of each location so I can decide to enhance or not?

Loss control services

- How much money could we save by better targeting locations for site survey based on their importance to accurately characterizing overall account loss?
- Do our metrics tell underwriting assistants the locations to spend time enhancing vs. to ignore?

Undermined decisions

- How much bad business did we write because incorrect data made it look good?
- How much good business did we decline because incorrect data made it look bad?
- If we could quote on 2x the business in the same time, how much better would risk selection be?