

Improve the profitability of your book of business with Portfolio Assessment services



Maximizing the profitability of your book of business is a challenging task in today's economic environment. Whether avoiding premium leakage, minimizing the effect of inadequately priced exposures, or verifying property characteristics, you have a lot to track, analyze, and accomplish day to day. Verisk's Portfolio Assessment services help you meet those challenges — and improve the overall health of your book of business.

Addressing unmet needs and creating new opportunities

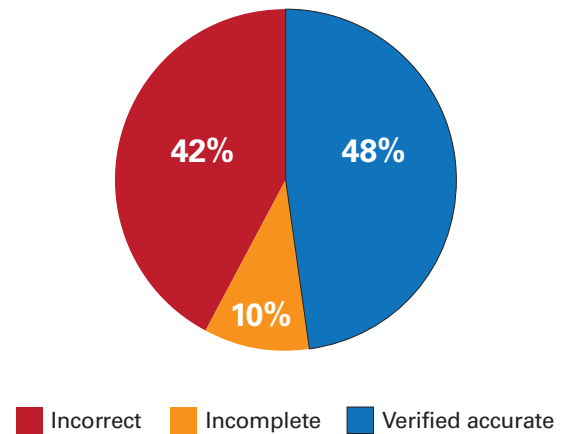
The assessment starts when our customer advisory team meets with you to discuss your goals, concerns, and strategic business objectives. Together, we decide where in your portfolio you need greater insight. We identify risks, opportunities, and processes for improvement — and give you specific advice on ways to attain your goals.

As our track record proves, we can help you meet a variety of challenges, including:

- preventing premium leakage
- correcting misidentified Public Protection Classification (PPC™) grades
- verifying building characteristics
- identifying areas for geographic expansion
- determining vulnerability of specific properties to catastrophic risks
- improving the quality of information from agents
- identifying key factors that contribute to adverse selection
- correcting insurance-to-value issues

Every assessment we conduct and action we recommend aligns with your plans for profitable growth and the goals you've defined.

Assessment of insurer's construction type records



Case study: Construction class misclassification

Verisk assessed the ISO Construction Class of a random sample of 900 policies a client insurer underwrote. Our analysis found that 52 percent of those policies had incomplete or inaccurate construction classes. We further determined that 1 in 5 of those policies — 19 percent — were misclassified as being a lower-risk construction class than we verified in our site visits. The insurer was sustaining significant premium leakage by setting prices lower than warranted and exposing the company to higher risk.

Portfolio Assessment services focus on four major areas: improvement, expansion, analytics, and efficiency.



Portfolio improvement

We take a comprehensive look at specific property characteristics that can affect the policies in your underwriting portfolio to verify information and identify hidden risks:

- property addresses
- business classifications and building characteristics
- building occupancies and vacancies
- fire protection systems
- location-specific information
- rate and loss cost adequacy
- insurance to value

An important component of portfolio improvement is our Data Append for Catastrophe Impact service. Designed to let you estimate the effect of a catastrophe on each individual property in your current book of business, the service identifies critical building characteristics, including construction, year built, number of stories, roof material and geometry, and geocoding (latitude/longitude). You can also use the service to evaluate and enhance exposure data files for portfolio modeling and communicate the quality of data to reinsurers.



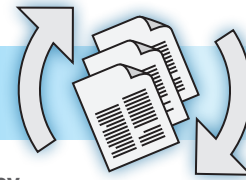
Portfolio expansion

We concentrate on ways to grow your business and increase market share. We analyze opportunities for expansion into new geographic markets while developing additional business in established territories. We focus on your desire to enter into new classes or industries outside your current scope. Finally, we analyze potential cross-sell opportunities by segmenting your customers based on the insights and experience we've gained working with other clients.



Portfolio analytics

We compare your key property metrics against state and industry measures. In your book of business, we look at adverse selection and benchmark the average Relative Hazard Percentile — a comparative evaluation of a building's construction, occupancy, internal protection, and exposure — against state and countrywide averages for similar buildings in our ProMetric® commercial property database. We also benchmark your PPC grades, Class Insight ratio, loss costs, claim results, and loss ratios against peer groups or the industry as a whole.



Portfolio efficiency

We analyze your loss control functions and help prioritize policies for reinspection according to agreed-upon metrics. The process identifies weaknesses in your underwriting portfolio and recommends improvements. The review includes items such as business misclassification, building characteristics, occupancy, and protection systems.

We can also analyze your distribution agency network to identify agents who consistently provide incomplete or inadequate information. Using agent identifiers, we evaluate the loss experience of your agents. You get a report on those with the largest variances — giving you the objective information you need to make effective decisions about which agents to work with.

Portfolio Assessment

Portfolio Assessment services uncover opportunities to improve profitability by reducing risk, enhancing rate adequacy and loss costs, and aligning new business development with higher metrics.

The service gives you a snapshot of your book of business at any point in time. As your book grows and changes, you can call on our Portfolio Assessment services again and again to help you maintain the integrity of your portfolio — and that benefits you and demonstrates your reliability to reinsurers and rating agencies.



Accurate assessments of sprinkler systems in your portfolio can affect premiums and risk.

Case study: Installed sprinkler credit

Verisk reviewed automatic sprinkler information for a random sample of more than 700 policies written by a client insurer. For more than 30 percent of those policies, we found the sprinkler system information was inaccurate. A comparison with our field-verified information revealed that 8 percent of the policies in the sample were receiving premium credit for sprinkler systems when they actually didn't have sprinklers installed. Not only was the insurer losing premium, it was exposed to serious risk from fire.

For more information on Verisk's Portfolio Assessment services, please contact your account representative or call Verisk Customer Support at 1-800-444-4554, option 3.

