

Avoid your share of the \$6.4 billion loss due to radius misclassification

A Verisk study showed that commercial auto insurers lose \$6.4 billion in premium leakage over a four-year period—and that’s just due to radius misclassification. It’s a large piece of a market estimated at \$32.9 billion in direct written premium (DWP). Insurers need to aggressively attack this loss to be profitable.

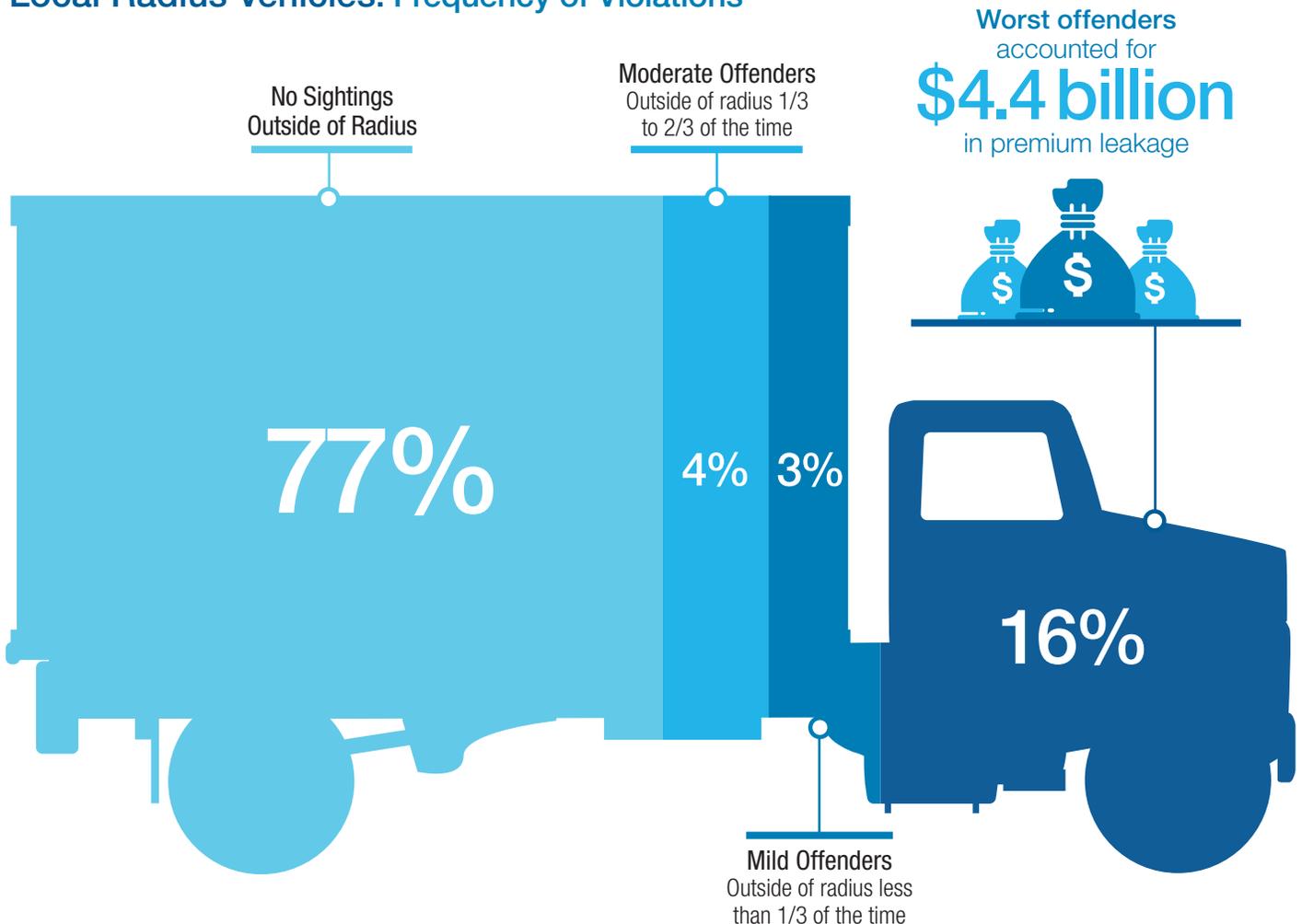
How? Pursue the worst offenders

Insurers need to verify that covered vehicles have the correct radius and identify those that consistently roam outside radius to prevent premium leakage. The Verisk

study found that 23 percent of vehicles were reported outside their radius. Of that number, 16 percent were considered “worst offenders,” vehicles outside radius more than two-thirds of the time (see Figure 1).

The worst offenders accounted for \$4.4 billion in premium leakage, and targeting them can save nearly 69 percent of the aforementioned \$6.4 billion. In addition, you won’t offend customers that rarely or accidentally stray outside radius, maintaining good customer relations.

Figure 1:
Local Radius Vehicles: Frequency of Violations



RadiusCheck is the answer

Verisk's RadiusCheck uses cutting-edge technology to take on-site photos of commercial vehicles. The system reads license plate images and matches that data to vehicle identification numbers (VIN), determining when a covered vehicle is outside radius and how often.

RadiusCheck can also catch garaging errors and help clean up your book, increasing cost savings.

RadiusCheck data is detailed and supplies **additional useful information, such as:**

- visual data
- date and time stamp
- latitude and longitude
- radius class and relative loss cost impact
- summarized sighting information by vehicle and location

Here's one example of RadiusCheck in action

Investigative sample

Vehicle application with territory in Glendale, California, and 50-mile radius.

- 46 sightings beyond radius between 8/16/2015 and 01/14/2018
- 85% of total sightings in this date range were more than 100 miles beyond the specified radius



Vehicle Data



Plate image



Vehicle image

RadiusCheck is one of the many tools Verisk Commercial Auto offers to help insurers cut costs and increase profitability.

For more information, contact your Verisk representative:



1-800-888-4476



verisk.com/CommercialAuto



CommercialAuto@verisk.com

