

RMS® Data Cleansing Service Helps Brit Insurance Reduce Uncertainty and Focus on Profitable Growth

“At Brit Insurance, we embrace market reform in its widest sense, both to improve industry standards and increase our competitive advantage. Our involvement with RMS, and their Data Cleansing Service in particular, is no exception. Leveraging RMS to support our catastrophe risk modeling function has allowed us to remain selective and disciplined regarding the risks we underwrite.

“The RMS Data Cleansing Service has improved the quality of our underlying exposure data and our confidence in portfolio management. This reliable, transparent, and effective service fits with our strategy of pursuing profitable growth and improved client service.”

Dane Douetil

CEO, Brit Insurance Holdings

To deliver superior shareholder returns by prioritizing profitability over premium growth, Brit Insurance was looking for a way to refine its risk pricing, selection, and transfer decisions. It was imperative to model a greater volume of business in a way that was fast, reliable, and did not divert scarce modeling resources from high-value analytical tasks. With this in mind, Brit turned to the RMS® Data Cleansing Service. Eighteen months and over 1.5 million cleansed locations later, results have been impressive: a considerable increase in the number of accounts modeled; more robust pricing and portfolio analysis thanks to enhanced data quality; and tangible improvements in service levels to brokers and cedants.



BRIT INSURANCE PROFILE

- FTSE 250 general insurer and reinsurer
- \$2.2 billion market capitalization
- Principal subsidiary Brit Insurance Ltd rated A+ (Fitch) and A (AM Best)
- 700 employees across 9 locations
- Top ten Lloyd’s Syndicate with \$1.1 billion of capacity

BUSINESS CHALLENGE

To ensure premium growth without sacrificing underwriting standards, Brit Insurance needed to enhance its risk management expertise by developing a cost-effective and efficient way to process greater volumes of catastrophe risk data with improved accuracy, confidence, and speed.

KEY BENEFITS

- Three-fold increase in accounts modeled
- 25% improvement in data quality
- Better risk pricing and selection of business
- 70% increase in analyst productivity
- Increased broker and client satisfaction
- Reduced risk uncertainty and increased modeling confidence

“Improved data quality has benefited each of our core competencies: pricing and selection, risk and capital management, and outward reinsurance transfer.”

Dane Douetil

CEO, Brit Insurance Holdings

“Enhancements in our data resolution have positively assisted reinsurance purchasing negotiations — a particular advantage in a very discerning market.”

Jonathan Turner

CEO, Brit Reinsurance

THE CHALLENGE

Brit Insurance is a major U.K.-domiciled general insurance and reinsurance group that writes both U.K. and international business. The Group manages the 9th largest Lloyd’s Syndicate with a capacity of around \$1.1 billion, as well as its principal operating subsidiary Brit Insurance Ltd, which writes some \$1.2 billion gross premium, and employs over 700 staff in nine offices across the U.K.

To meet its corporate goals, Brit Insurance needed to prioritize the profitability of risks written over simply increasing total premium income. Achieving this aim meant that Brit needed to address some key operational issues.

The first was its capacity to review and select from a wide variety of risks. Brit Insurance underwriters regularly refer to modeled loss estimates to support their decision-making when writing a risk. It was therefore essential to increase the number of accounts being modeled to allow underwriters a greater range from which to select those risks that promised the highest return on equity.

Second, Brit understood the importance of increasing the quality of the exposure data it analyzed. By enhancing data quality, Brit hoped to reduce uncertainty in modeled results in a way that would benefit each of its core competencies: risk pricing, portfolio management, and outward reinsurance transfer.

Finally, underpinning Brit Insurance’s growth strategy was an understanding that differentiation on customer service would be vital in building its brand and fostering long-term, profitable relationships. Committed to leveraging technology to improve client service, Brit was seeking ways to provide quick and accurate documents to brokers and reinsurers, as well as prompt and competitive pricing for insureds.

Success in these three areas required that Brit’s catastrophe modeling and data management processes were streamlined and optimized.

THE SOLUTION

Realizing that preparing data for import into probabilistic catastrophe models was an important but onerous part of the overall exposure management and risk modeling process, Brit engaged the RMS® Data Cleansing Service. In operation since 2004, this service allows insurers, brokers, and reinsurers to outsource the preparation of raw exposure data into a format that is ready for modeling within the RiskLink® catastrophe modeling platform.

“The service was fully deployed in just two weeks, enabling us to upload schedules of exposure data for cleansing and formatting via a secure online application,” explains Baldeep Johal, Group Actuary at Brit Insurance. “Files in multiple formats, including Microsoft® Word and Adobe® PDF, have been reliably converted for importing into the RiskLink system.”

He adds: “This conversion process does not simply consist of formatting and organizing account data, it also corrects obvious errors, classifies address information, interprets modifiers such as occupancy and construction types, and assigns exposure values to each coverage. Brit’s proprietary modeling preferences are applied throughout.”

Once cleansed data has been successfully imported into RiskLink, geocoding results are refined through research by the RMS team. All assumptions and queries are documented, and the formatted data is rigorously reviewed and returned to Brit's modeling team.

Today, Brit Insurance uses the RMS Data Cleansing Service to process all accounts across its direct & facultative and binder books, and in 2007 significantly increased its annual commitment to the volume of accounts it sends to RMS.

THE BUSINESS BENEFITS

In the last eighteen months, RMS has cleansed Brit's exposure data for approximately 1.6 million locations worldwide. This not only represents a significant saving in the work Brit would have had to absorb in-house, it has also afforded RMS the opportunity to create material value for Brit in four distinct ways.

1. Improved Risk Selection

Since employing the Data Cleansing Service, Brit Insurance has seen a three-fold increase in the number of accounts it can model. This has allowed underwriters to be more selective in the risks they choose to write.

"Our underwriters have been empowered to make better-informed selection and pricing decisions thanks to the higher number of accounts being analyzed," explains Baldeep Johal. "Brit's rigorous approach to technical pricing requires that detailed catastrophe risk analysis is performed prior to underwriting. The RMS Data Cleansing Service has quickly become a significant component of our technical pricing framework."

2. Reduced Uncertainty

The Data Cleansing Service has also had a positive impact on the quality of data Brit uses to price accounts and manage its portfolio risk. For example, the group has witnessed a 25% increase in geocoding accuracy in high-value, catastrophe-exposed U.S. locations.

The benefits of this improved data accuracy are enjoyed across the business, from the underwriting center, through enhanced portfolio risk and capital management activities, to outward risk transfer decisions. Such results significantly decrease the uncertainty surrounding modeled loss estimates and ensure that underwriters are presented with robust results to support their own pricing intuition.

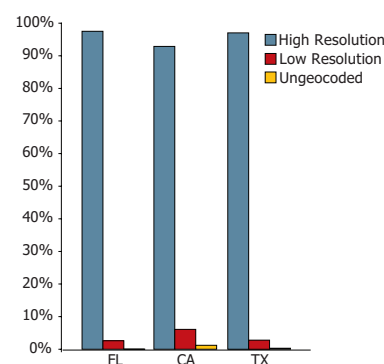
According to Tom Rowley, U.S. and International Property Underwriter at Brit Insurance, "The quality, accuracy, and resolution of the data used within the catastrophe model are fundamental to the underwriting process. The RMS Data Cleansing Service plays an extremely significant role in strengthening our data resolution and pre-pricing analysis."

Improved data quality has also given portfolio managers, executives, and reinsurance capital providers greater confidence in Brit's catastrophe exposure, explains Jonathan Turner, CEO of Brit Reinsurance. "Enhancements in our data resolution have positively assisted reinsurance purchasing negotiations — a particular advantage in a very discerning market."

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Group Actuary, Brit Insurance

Geocoding Resolution for Cleansed Data in Key U.S. States



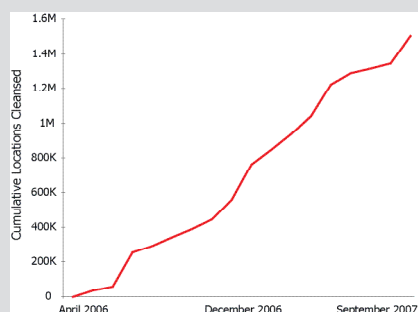
Brit has witnessed a 25% increase in geocoding accuracy in high-value, catastrophe-exposed U.S. locations using the RMS Data Cleansing Service. Nearly 100% of these locations now have high-resolution geocoding matches.

“This service relationship is pivotal. It ensures that we get back to brokers in a timely and accurate fashion.”

Tom Rowley

Underwriter, Brit Insurance

Cumulative Locations Cleansed for Brit (Excluding Binders)



Approximately 1.6 million locations have been cleansed for Brit Insurance in the past 18 months, saving analysts valuable time and resources previously spent scrubbing and preparing this data themselves. Now, they are focusing efforts on higher value tasks.

3. Enhanced Customer Service

Leveraging RMS for exposure data cleansing has contributed significantly to Brit Insurance delivering higher levels of client service, both internally and externally.

Quick turnaround times and robust results have benefited the underwriting teams and reinsurance purchasers, who are under constant pressure to provide brokers with quick and accurate information.

“RMS helps us to provide a leading service to our underwriters without compromising our risk management discipline,” says Baldeep Johal. “The Data Cleansing Service allows us to increase bandwidth at busy renewal periods when it would otherwise not be possible to process the required volume of accounts. In short, the underwriters can expect top-rate service from the modeling team because we can rely on RMS.”

According to Tom Rowley, “RMS is pivotal in ensuring that we provide good service to our brokers by turning around the schedules in a timely fashion. Improvements in satisfaction levels have been reported by brokers, with Brit Insurance ranking well above our peers thanks to our quick and comprehensive response to broker requests.”

4. Increased Analyst Productivity

Analysts in Brit’s risk management function have also benefited from the Data Cleansing Service. Prior to engaging with RMS, they spent 70% more time scrubbing and preparing data to be modeled; now they can focus their attention and efforts on higher value analytical tasks.

In the absence of this data cleansing relationship with RMS, Brit Insurance would have been forced to hire several more analysts over the last two years, rather than growing a catastrophe modeling team able to perform high-level analytical modeling. Moreover, in a market where experienced, highly skilled people are at a premium, offering roles that focus on more advanced catastrophe modeling functions provides Brit with a competitive advantage in attracting and retaining talent.