

MOODY'S | RMS

An Insurance
Underwriter's Guide

Smarter, Faster, and Better Decisions with Location Intelligence



Introduction

As digitization gathers momentum, data has become a key battleground for property insurers seeking to build and maintain a competitive edge through more informed underwriting. Alongside an insurer's own data, there is a proliferation of new providers offering external data and analytics to support key underwriting decisions. But actionable insights are often lacking, and insurers face a burden in translating these basic datasets into genuine decision support tools that surface the right information at the right time.

Across both residential and commercial properties, the winners in this new competitive environment will be those insurers who can assemble the most comprehensive, robust, and predictive data for each location, and then leverage that data to support higher quality and faster decisions; to assess and select the right risks and set pricing that is tailored to the individual locations.

Imperatives for Underwriting in a Digital World

Rethink the process

Digitization is upending current underwriting workflows and changing the relationship between underwriting judgment and technology. The challenge is around automation and encoding of human judgment in algorithms for risk screening and pricing – how to ensure technology is smart enough to serve underwriters and reflect the right decision criteria and nuance.

Harness the best data to understand risk

In an increasingly data-driven world, data and analytics are the critical fuel that powers this innovation. Success depends on rigor at each step of the underwriting workflow, surfacing better insights that truly assess the risk and enable informed and consistent decisions, versus traditional metrics that leave underwriters with guesswork and assumption.

Ensure price adequacy on every submission

Pricing will be a key area of differentiation. Whereas past approaches relied heavily on coarse approaches using actuarial derived rates, claims experience, and disparate third-party data, winners in the digital world will employ risk-specific pricing; pricing that is tailored to the individual property using high resolution data and scientific assessment of potential damage and loss. The objective is price adequacy on every submission, with those stuck on historical

Get ahead of changing customer demands

Customer centricity must drive decision making. Changing customer expectations around simplicity and speed are forcing down turnaround times for moving through the process and getting a quote out the door; any technology and data choice must be capable of being delivered in seconds, and built with the flexibility to adapt as customer needs and priorities change.

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Introducing Location Intelligence

Empower underwriters with instant, actionable insights

Location Intelligence API provides high-resolution, robust, and comprehensive data at the individual property level at speed, enabling underwriters to make decisions with confidence. To achieve this, RMS has leveraged the power of our modeling capabilities to develop extensive datasets that can be used at different points in the underwriting workflow.

These datasets allow users to access and utilize the same science that underpins RMS models. Users benefit from location-level hazard and vulnerability to generate RMS Risk Scores and RMS Loss Costs that are tailored to an individual property and are provided in real-time.

Empowered with RMS data, underwriters can confidently assess the risk potential of any submission and more efficiently triage referrals to cat modeling teams. More importantly, decision-making can be customized based on a clear understanding of the location’s position, individual building attributes, and the property’s vulnerability to specific perils.

Built for Today’s Developers

Location Intelligence API is designed to support easy and efficient integration into any workflows including fully automated underwriting. The simple and smart structure of the API and comprehensive developer resources enable developers to get up and running quickly, streamlining the path to production. The API provides secure responses in real-time and is granular so that calls can easily be configured for different underwriting workflows.

Check out the [RMS Developer Portal](#) to learn how to leverage RMS Location Intelligence to meet the specific needs of your business.

Data Across All Perils and Regions

RMS provides a comprehensive set of data layers to drive essential decisions for underwriting teams across multiple perils and regions.



Hurricane



Earthquake



Flood



Wildfire



Severe Convective Storm



Winter Storm

Insight at Every Level

Location Intelligence API provides instant access to more than 100 data layers, available via a single API service. This gives underwriters the flexibility to change how they use the solution to address the needs of different lines of business, products, and geographies, and to adjust as business priorities change.

Geocoding

For any given property, underwriters can translate address information to geographic and geospatial references (latitude and longitude, building centroids, parcel centroids, street interpolation, exposure-weighted postcode centroids), while also enriching existing address information.

Latitude: 30.736549000000001

Longitude: -81.511627000000002

Exposure Attributes

Comprehensive building attribute data – such as occupancy, structure materials, number of stories, building area, year built, reconstruction cost-value range, and so on — is available for 107 million properties in the U.S.

Construction: Wood frame

of Stories: 3

Year Built: 2017

Occupancy: Single family dwelling

Floor Area: 3,726 sq. ft.

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Smarter, Faster, Better Underwriting

Innovative insurers are already in the process of implementing a digital strategy. They are developing automated underwriting processes that deliver a much faster speed to quote for both homeowners and small-to-midsize commercial customers.

The goal is to curate an experience that is simpler, quicker, and more engaging for customers while simultaneously delivering better business results. This business model has evolved in response to changing customer demand.

Smarter Workflows

Enriching data at the point of quote using Location Intelligence allows insurers to ask fewer questions of the customer, while still gaining deep insight into each risk presented. Insurers can then apply their own rules to this data and encode these in the underwriting workflow to determine whether to quote or decline business, freeing up underwriting time to focus on value-enhancing activities.

The workflow pulls relevant data from Location Intelligence to determine if a risk is within tolerance and then rejects or moves through to quote based on set parameters. These parameters can be rapidly adjusted if needed, for example to change screening or pricing rules where uptake in a region or segment is above or below expectations.



Faster Response Times

For many companies, pursuing a digital strategy provides an opportunity to reduce response times and simultaneously increase the number of competitive quotes and subsequent binds. This is accomplished with a simple, fast, and high-performing quoting platform that requires limited underwriter support.

Working with insurance underwriting teams across the industry, RMS observed how insurers able to respond within a few seconds were able to better position themselves to win, relative to insurers who had longer response times. By cutting response times for customers, innovative, leading insurers are capturing market share, while improving customer experience of the insurance placement process.

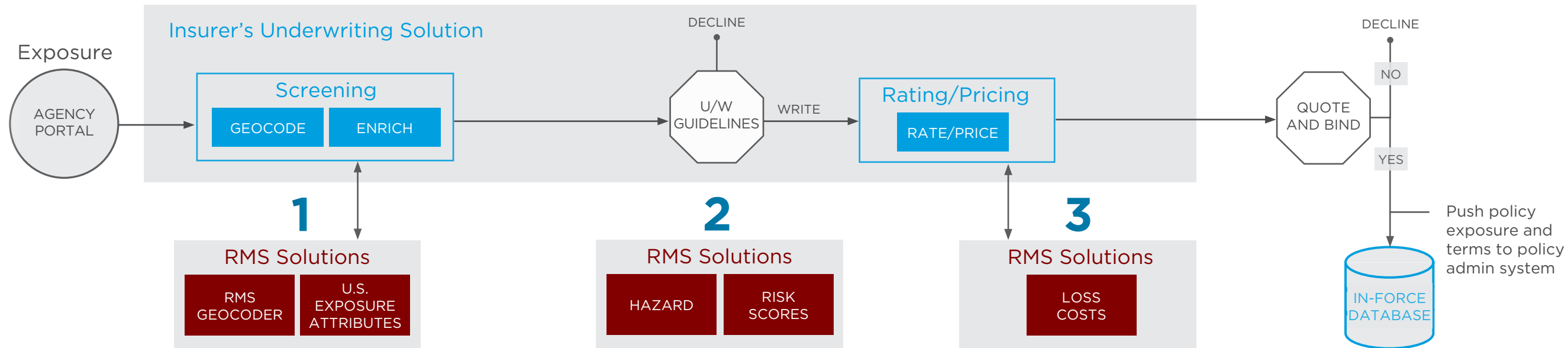
Better Results

Location Intelligence surfaces RMS best-in-class model science at the point of underwriting, enabling users to instantly access rich data and analytics. In addition, with risk selection and pricing data derived from RMS models, users can maintain alignment and consistency through the entire insurance life cycle from underwriting to portfolio management and outwards reinsurance.

Use Cases

RMS Location Intelligence API is flexible and can be used to support any underwriting workflow. Here's an example of how different data and analytics can be leveraged at various points from screening through to quoting.

How Insurers Are Using Location Intelligence



1 Identify

When a location lands on the underwriter's desk, there are several decisions that RMS solutions can expedite to create a more complete picture of the insured asset, such as translating address information to a point on earth or filling in gaps in exposure.

2 Risk Selection and Screening

After the location is identified, best-in-class hazard data can help assess the surrounding risk landscape, while RMS Risk Scores provide an indication of the susceptibility of the location to a given peril. If the location complies with the organization's risk appetite, then a write-or-decline decision can quickly be made.

3 Rating and Pricing

Assuming the location is taken forward, a price needs to be determined. RMS Loss Costs enable the use of model-derivative loss rates to create a peril-specific quote.

END-TO-END PROCESS IN LESS THAN 3 SECONDS

Driving Business Value

Underwriters will be in much greater control of risk if they can bring the right hazard, exposure, geospatial, and loss data together in the underwriting process at the point of decision. RMS Location Intelligence API is based on RMS model science combined with external information from key sources.

-  **Faster quoting** drive lower expense ratios, higher productivity, and improved overall performance.
-  **Superior risk selection** ensures that locations not aligned with risk appetite are removed early in the process.
-  **End-to-end consistency** enables a common view of risk from underwriting through portfolio management and onward to reinsurance purchase.
-  **Risk-adequate pricing** helps determine that enough premium is being charged to cover the cost of the peril, resulting in improved loss ratios.
-  **Improved client experience** increases retention rates and producer satisfaction by providing rapid decisions and quotes.

About Moody's RMS Location Intelligence API

Moody's RMS Location Intelligence API empowers underwriters with instant access to key data and analytics for understanding and quantifying catastrophe risk, enabling smarter, better and faster underwriting decisions.

[Learn More](#)



Moody's RMS shapes the world's view of risk for insurers, reinsurers, financial services organizations, and the public sector, with Moody's RMS models underlying the nearly \$2 trillion USD Property & Casualty industry. We empower organizations to evaluate and manage global risk from natural and man-made catastrophes, including hurricanes, earthquakes, floods, climate change, cyber, and pandemics.

Our unmatched science, technology, and 300+ catastrophe risk models help (re) insurers and other organizations evaluate and manage the risks of natural and man-made disasters. Leaders can address the risks of tomorrow with the Intelligent Risk Platform™, the only open cloud with collaborative applications and unified analytics that can power risk management excellence across organizations and industries.

Today's risk professionals trust Moody's RMS to help them manage and navigate the risks of natural and man-made catastrophes.

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