Data-Driven Underwriting Decisions

The Vision

- Accurate property data is the cornerstone of risk selection, policy pricing, and creating a profitable book of business. However, many carriers today rely on outdated and inaccurate property tax information or costly inspections. What if there was a more reliable *and* affordable approach?
- Today, the use of geospatial imagery and artificial intelligence offer a new stream of highly accurate, recent property data available at time of quote. A solution built on these technologies offers the immediacy and coverage of public record data, but with the accuracy and detail that previously required a physical inspection.
- This blueprint provides an overview of this powerful property intelligence solution and how it can improve underwriting decisions and loss ratios.

Requirements

Writers of HO3 and habitational risks can benefit most from Cape Analytics' nationwide data stream. Carriers – particularly underwriting, innovation, and customer experience departments – should consider the following items when evaluating the potential impact of a property intelligence solution:

- What solutions are currently being used for pre-fill information?
- What percentage of new properties are inspected - and could this be reduced without sacrificing underwriting quality?
- What percentage of renewal properties are inspected - and how can we increase this without affecting our expense ratio?
- What are the current processes in place for verifying portfolio information against an objective standard, free from human error?
- Do top-line initiatives for the current year include optimizing inspection programs, growing books of business, or reducing questions within the application process to increase customer (and agent) satisfaction?

The Process
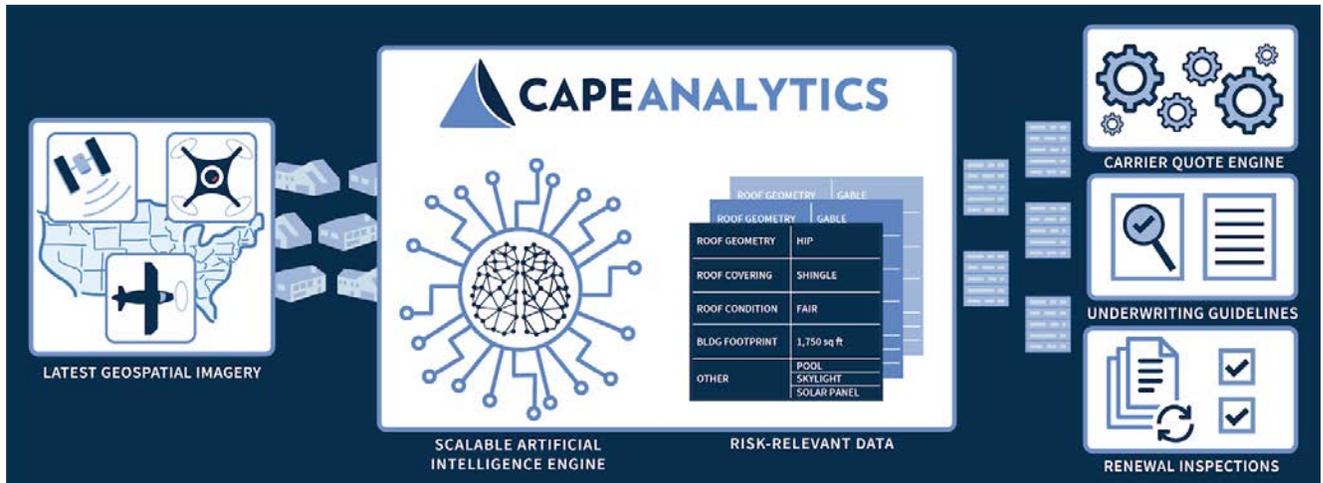
Integrating Cape Analytics into carrier pricing and underwriting engines is a step-by-step process built to clearly demonstrate the usefulness of this data. Cape Analytics begins its engagements with a proof of concept, where carriers provide ~5,000 insured, single family addresses and their corresponding property information. Cape Analytics returns the book, highlighting discrepancies in carrier information and providing supporting imagery to display AI accuracy.

Outcomes

According to Cape Analytics customer Security First, "Cape Analytics' solution provides us with instant access to validated property features at the time of quote. Their data and technology have been extremely valuable to our business and improving customer experience."

An impact study of Cape Analytics data, conducted in conjunction with a leading nationwide carrier, found that Cape Analytics' *Roof Condition Rating* property feature was highly predictive of loss. In fact, the carrier identified a 50 percent higher expected loss from a poor condition roof versus a good condition roof. By integrating property information like *Roof Condition Rating* into the pricing and underwriting process, carriers can expect to significantly and positively impact loss ratios.
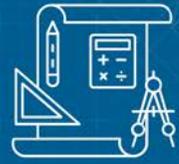
The Cape Analytics + Duck Creek Advantage

Using Cape Analytics through Duck Creek Advantage suite allows carriers to easily upgrade their prefill dwelling information with the most up-to-date, accurate property information, within the Duck Creek rating and policy components. Now, users can make more accurate underwriting and rating decisions without leaving the Duck Creek screen. In addition, Cape Analytics data can improve customer experience and digital engagement when integrated into AgencyPortal.