



# Commercial Lines Underwriting - Auto

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## Trends driving higher losses



More than **16 million** commercial vehicles are on the road today



Miles driven were **up 6.5%** between February 2015 and February 2016



The need for as many as **50,000 drivers** is producing a glut of inexperienced drivers



**27% of crashes** involved drivers distracted by mobile devices

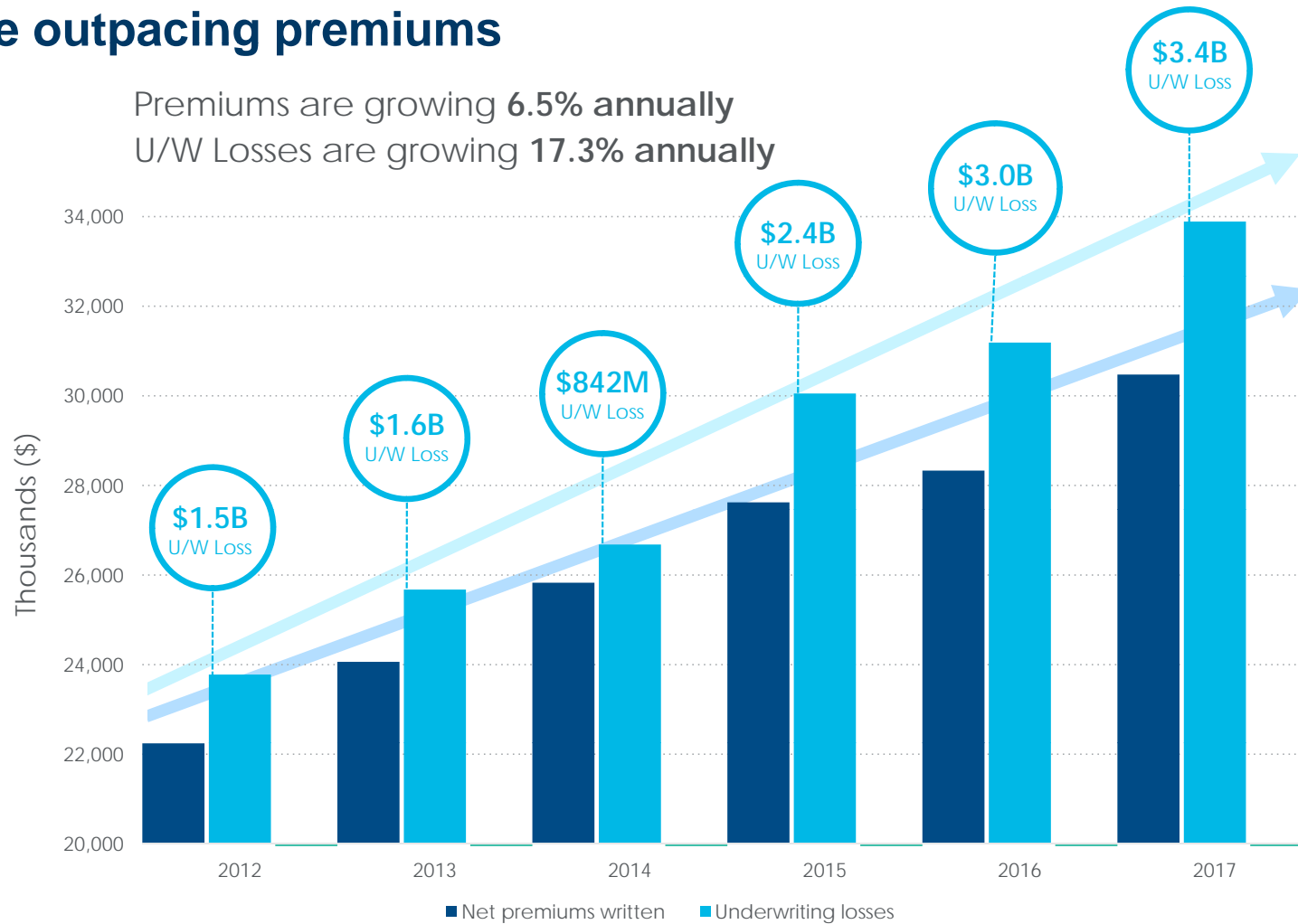


Loss severity per claim was up **nearly 39%** between 2009 and 2016



## Losses are outpacing premiums

Premiums are growing **6.5% annually**  
U/W Losses are growing **17.3% annually**





## Common Underwriting challenges impact revenue, expenses, and risk control

Submission volumes are growing

⇒ *But underwriting resources are not growing*

Market conditions and transparency creates pricing pressure

⇒ *Need better data and process improvement to **price right** and **act fast***

Applications frequently have missing and inaccurate data

- Agents are time constrained
- Cumbersome data entry
- Misleading applications leads to misclassifications

⇒ *Impact on premium leakage?*

Application to quote can be slow

⇒ *Impact on underwriting expenses, revenue, and distribution channels?*

Package policies can complicate decision making

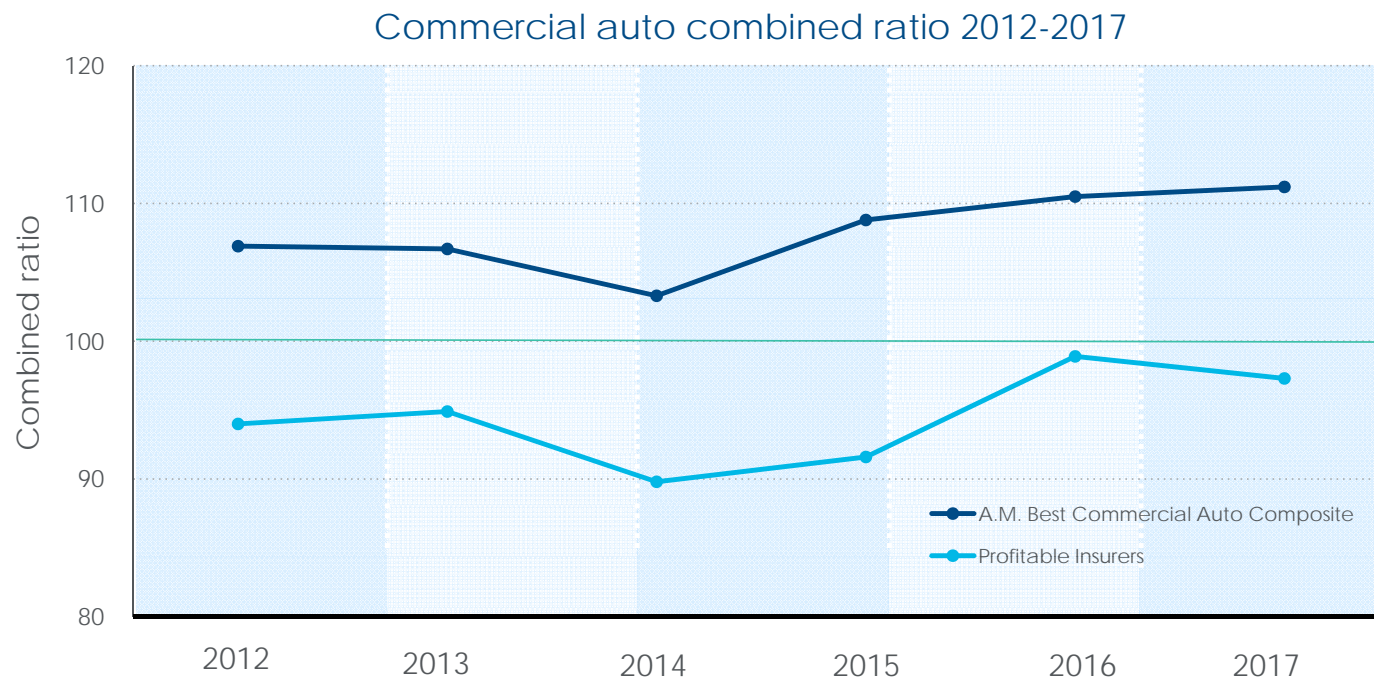






## Not all companies are experiencing pain

Industry leaders have a combined ratio **13.5 points** better than the total industry from 2012-2017



Source: A.M. Best and ISO analysis



# The intersection of data, analytics, workflow, and technology

Maximize profitability through high quality data and workflow processes grounded in industry best practices

## High quality **data**

- Prefill application with unbiased data
- Verify existing data characteristics
- Leverage newly available data and capabilities
- Unparalleled access to business, vehicle, driver, and loss history information

## Smart **analytics**

- Measures of management competency

## **Workflow** enablement

- Apply domain expertise to provide actionable analytics
- Incorporate into efficient underwriting guidelines

## **Technology** integration

- Seamless Data-As-A-Service integration
- Onboarding experiences with >40 carriers







## Commercial Auto: Vehicle Registration Data

### Key fields with 100% fill rate

- VIN Number
- License plate
- Year
- Make
- Model

### 60 other fields including:

- Gross vehicle weight
- Base price
- Body type
- Anti-lock brakes
- Four-wheel drive (Y/N)
- Air bags
- Registered owner
- Name code (i.e. owner, lessor, lessee, lien holder, etc.)
- Branded designation (i.e. flood, junk, fire and hail damage, stolen, etc.)
- Plate type (i.e. official, exempt, farm, commercial, etc.)

1. Enter business / person name and address
2. Get matched list of registered vehicles and owners\*
  - Timely
  - Comprehensive
  - Accurate
  - Actionable



\* Excluding AZ, CA, HI, NH, NY, OK, PA, VA





## Improved underwriting insights: Vehicle ownership/registration

Search criteria:

- IMT Landscaping
- Albert Collins

Avoid data entry errors

Identify vehicles missing from application

IMT Landscaping Inc., owned by Albert Collins					
Year/Make	Model	VIN	Registered Owner	Registered to the business?	On the application?
2010 United Express Line	UTL	459845DUHR89D467I	IMT Landscaping Inc.	Yes	No
2014 Ford	F350 Super Duty	J39HD35SGJO9JH675	IMT Landscaping	Yes	Yes
2014 Chevrolet	K2500 Heavy Duty	JLK048J404H4L3474	IMT & Sons Landscaping Inc.	Yes	Yes
2012 Moritz Inc.	DMP	D93045J110784JORF	IMT Landscaping Inc.	Yes	Yes
2013 Chevrolet	Corvette	DH4ASG6980LNMYT35	Albert B Collins	No	Yes

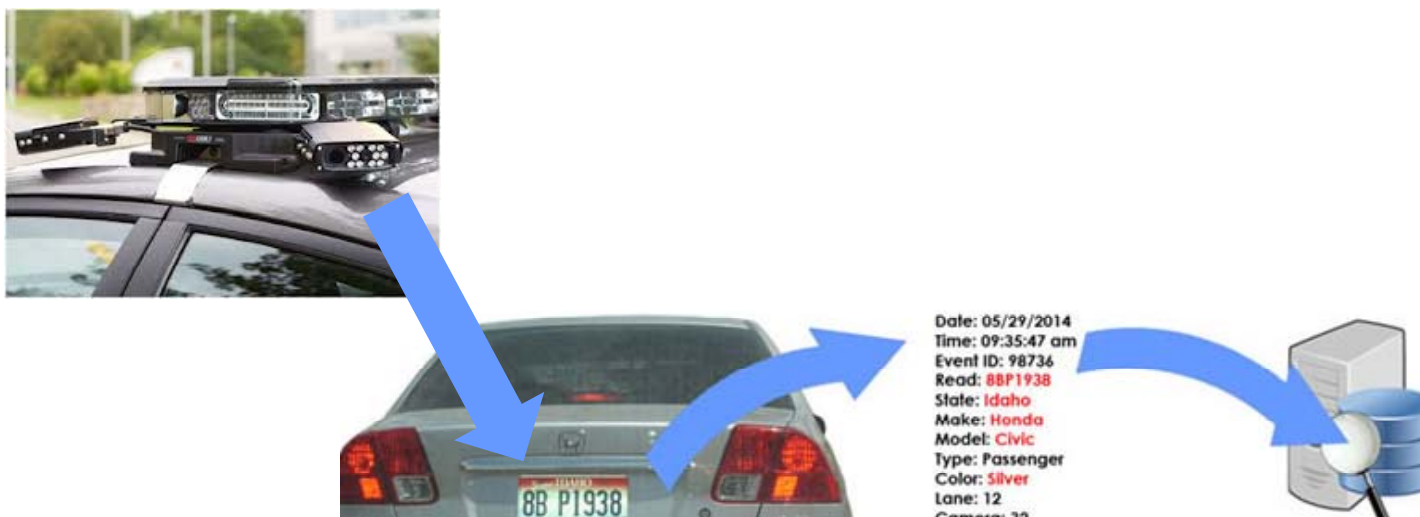
Confirm vehicle characteristics

Distinguish cars most likely used for personal use



## Commercial Auto Visual Insight Data

Underwriting insight to confirm application accuracy



DPPA permissible use required. Not FCRA/Cannot deny Insurance or Claims.

- 30-50% coverage nationwide  
Not available in AR, NH, VT
- Over 150 million sightings per month
- Over 7 billion sightings in total
- Picture of the vehicle and license plate
- Latitude and longitude
- Date and time

## Commercial Auto – Garaging and Radius Rating Data

Identify potential radius misrepresentation for each vehicle on a policy

Converts VIN to License plate

Detailed sighting analysis:

- Date / time stamp
- Lat / Long
- Radius class based on given garage location

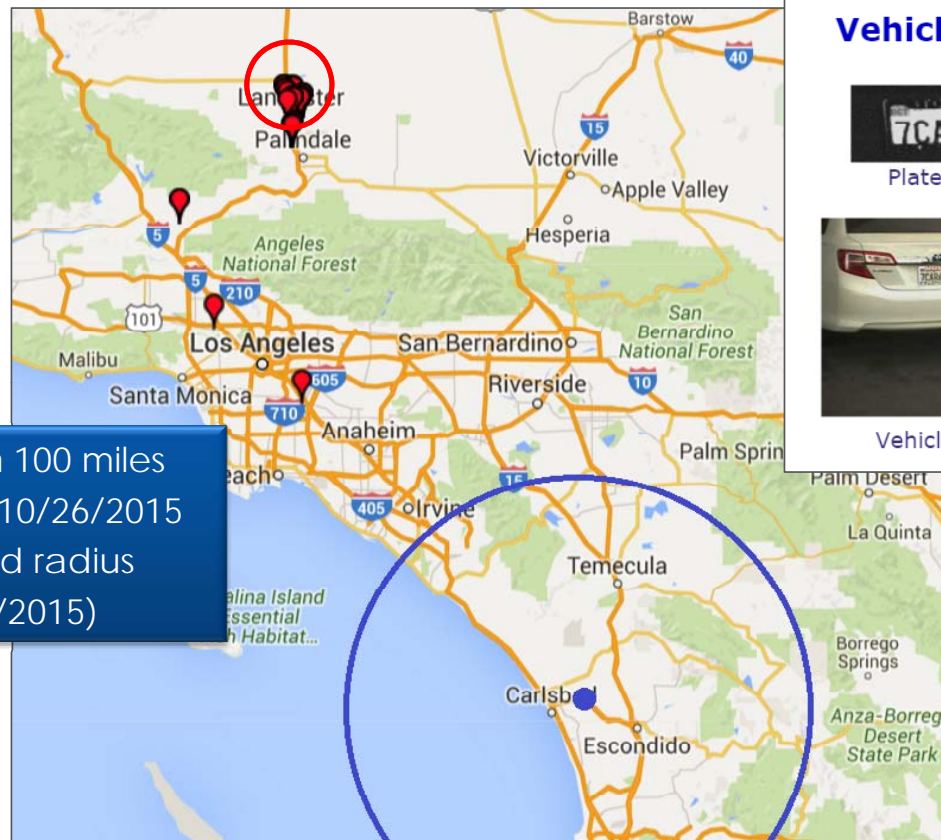
Summarized information by vehicle and location:

- # sightings inside radius
- # sightings outside radius
- Analytics to identify vehicles with potential radius misrepresentation



## Investigative sample

Vehicle application with territory in San Diego County and 50 mile radius



### Vehicle Data:



Plate Image



Vehicle Image

- Sighted more than 100 miles beyond radius on 10/26/2015
- 36 sightings beyond radius (12/9/2013 - 10/26/2015)