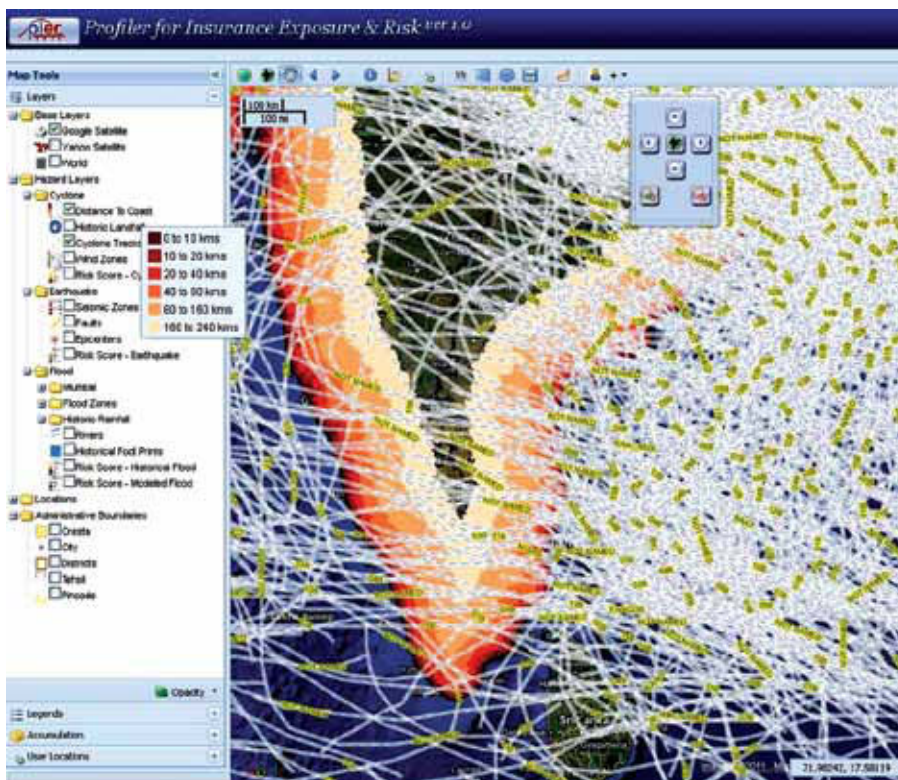


PIER - Gauging the risk factor

Insurance companies can better perform risk assessment with the new Profiler for Insurance Exposure and Risk (PIER) software that uses geospatial technology for improved identification, assessment, pricing and management of risk across various lines of business



insurance industry. The key challenges being faced by insurers can be classified into two broad categories: Lack of hazard data and absence of a suitable technology platform. There is lack of reliable and comprehensive data on administrative boundaries and on perils like earthquakes, cyclones, floods for India. Furthermore, the available data is scattered across disparate sources and is not standardised. Secondly, there is an absence of a simple, easy to use yet powerful technology platform that is capable of handling both business as well as geospatial data.

PIER helps overcome these challenges by providing an easy to use yet powerful technology platform bundled with India-wide data at pincode resolution.

Key features Risk assessment

Location-specific natural catastrophe risk assessment is influenced by complex set of parameters. PIER provides a comprehensive risk profile report that summarises these parameters in proximity to a location. With PIER, a risk inspector can do a complete risk assessment of an individual policy sitting at his desk and is better informed to make underwriting and pricing

Profiler for Insurance Exposure and Risk (PIER) is India's first comprehensive risk assessment tool that provides composite risk scores for natural perils at pincode resolution for the entire country. PIER utilises latest GIS technologies to help insurance companies improve identification, assessment, pricing and management of risk across various lines of business. It integrates data from disparate

sources and yet provides access to information in a very simple and intuitive manner. The solution provides the best of geospatial, risk modelling, software, data acquisition and processing capabilities.

Addressing challenges of the Indian insurance industry

PIER has been developed as a result of the constant feedback received from the Indian general

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decisions. These components and location intelligence can be fully integrated into daily underwriting practices to realise its full benefits.

Composite risk scores

RMSI scientists have developed composite risk scores to assess vulnerability at pincode level to natural hazards that include earthquakes, floods and windstorms. The risk scores embedded in PIER solution help in risk-based pricing, making better informed underwriting decisions and measuring accumulation by risk zones.

Accumulation monitoring

The focus of insurers and reinsurers is more to avoid over accumulations in risk-sensitive areas. Using PIER, not only the individual risk attributes of a policy are brought into context, but also their contribution to the entire portfolio. It helps in:

- Easy integration with the insurance database and policy issuance systems
- Depicting an insurance company's total sum insured for each pincode
- Depicting an insurance company's total sum insured by line of business with respect to historic NAT CAT events

Premium pricing

In current market scenario characterised by discounting, it is imperative that a high-risk client is not under priced and a low-risk client is not overcharged. Historical claims and risk data modelled as well as predictive information can be used to create custom rating territories or more granular segmentation levels. This provides a competitive advantage through better pricing and underwriting decisions based on actual claims experience and historic

natural catastrophic events data. This enables more precise risk assessment to avoid the perils of adverse selection. It also offers flexibility to maintain and update digitised rating territories.

Reserving CAT events

The true test for an insurance company's services is when a catastrophic event strikes. With PIER, visualisation of the extent of exposure affected by a catastrophic event can be done at a click of a button. This gives the insurer an estimate of an appropriate loss reserve for the event.

PIER also helps in monitoring business performance as well as strengthening support to customers. PIER can be easily integrated with the current policy issuance system to visualise key business information like:

- Achievement of business targets by pin code

PIER has been developed as a result of the constant feedback received from the Indian general insurance industry.

- Loss ratio distribution by geography and line of business
- Market penetration

Benefits

Enabling higher efficiency of service or greater profitability

With PIER, any general insurance company can substantially improve its productivity and agility resulting in cost reduction and higher client satisfaction. The productivity increase will be on account of:

- Reduction in time spent to find relevant information
- Reduction in number of field visits and better collaboration between various teams
- Optimisation of reinsurance programme through more professional presentation of exposure accumulations and better management of accumulations through the year.
- Better risk selection and pricing will have a direct impact on the combined ratio
- Does not have a steep learning curve and can be readily integrated into the risk management cycle

Boosting the industry's professional standards

- Widely usable in the entire organisation, starting from the junior risk inspector to an underwriting head, providing customised view to each as per his requirement
- Reports like a 'Comprehensive Risk Profile' report can be generated at the click of a button, which enables a risk inspector to do a complete risk assessment of an individual policy sitting at his desk
- Thematic Display that leads to easy and quick understanding of the business scenario at pincode district / state level.

Key Features

- Comprehensive risk profile report for entire pincodes of India
- Composite risk scores
- Hazard information on earthquake, cyclone and flood
- Supports Google Maps, Yahoo Maps
- Integrates with existing BI/DW solutions
- Web based architecture
- Thematic display
- User can add own data layers

