

A Guide for P&C Insurers

From manual to automated:  
How To Make Your Event  
Response Operations  
Run Like Clockwork

# Table of Contents

FOREWORD: Imagine a hurricane strikes	3
OVERVIEW: Market forces driving need for greater operational efficiency	5
<b>Part 1: Challenges</b>	
8 Key event response challenges	8
Operationalizing data: data frequency & accessibility	9
<b>Part 2: Solutions</b>	
How automation helps solve event response challenges	11
Another hurricane strikes... but this time you're set with automation	14
Implementing an automated event response solution	15
CONCLUSION: Tick tock, it's time to make your event response run like clockwork	16



When catastrophes strike, you have no time. You're under pressure to quickly understand the financial impact of an event and provide estimates to management. At the same time, you (and your team) are constantly tracking the event, processing hazard data, making sure exposure data is accurate, pulling reports, and (hopefully) beginning outreach to insureds. Only, the last item—proactive customer outreach—may suffer when the other to-dos consume your time and resources.

Speed and quality of response following catastrophes are assets to your organization—and key reasons why your customers choose you over your competitors. But, only if you can make your event response operations run like clockwork. This entails moving away from the status quo and integrating elements of automation into your event response processes.

Let's take a look at some of the challenges you may face and how to implement a more proactive approach for minimal cost and disruption.

# FOREWORD

## Imagine a hurricane strikes...

...and it's impacting Texas, Florida, or the Carolinas (probably not too hard to imagine, actually).

Management is asking for the estimated financial impact of this event, and your stress levels are rising. It's time for you to come up with some answers, and fast.



# Manual Event Analysis = 4+ hours



## 1. Get event data

You go to the NOAA website, pull down wind datasets from the latest update, and then convert them into a usable format.



## 2. Intersect with your portfolio

Now, it's time to intersect the footprint with your portfolio data which may take another hour or so to complete.



## 3. Update your portfolio

After you get everything set up, you realize your portfolio is six months old, which may over or underestimate your actual exposure. But, there's no time to pull an updated snapshot of your exposure.



## 4. Run financial model SQL scripts

With a manual intersection process, you are likely unable to easily access the impact of policy terms and conditions. So, you'll need to run some financial model scripts to determine the actual exposure for this event.



## 5. Create and share reports

You finally get some financial numbers ready and format them into a report for management.

Then, you think about what you actually had on your to-do list before the hurricane was in the picture...or wait, maybe not. Because just then, you see that NOAA has published the next snapshot of the hurricane. Rinse and repeat. It's going to be a long night.

**Let's face it, if you can't extract insight from data fast enough to mitigate damage or provide a timely course of action, your operational efficiency and downstream customer satisfaction go downhill fast.** And just think, this was for a single data source. Realistically, you need to perform these same steps across multiple sources (e.g. inland flood data, NOAA probability surge, etc.) to gain a complete understanding of this event.

# OVERVIEW

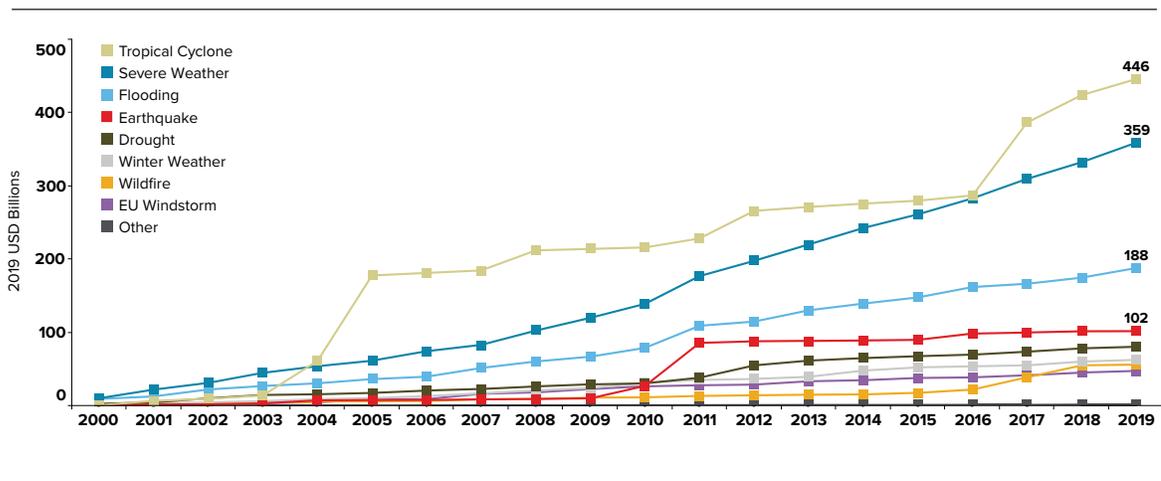
## Market forces driving the need for greater operational efficiency

The previous scenario demonstrates how insurers are increasingly challenged with operationalizing data and making the event response workflow run smoothly due to a few market forces:

1. Anticipating and preparing for more frequent and extreme peril events, particularly in parts of the U.S. that are more susceptible to climate change.
2. Meeting growing customer satisfaction demands in a highly competitive P&C insurance landscape.
3. Driving cost-savings and increased profitability through more efficient event response and claims operations.

Globally, tropical cyclone is the costliest peril. The aggregated payouts from heightened tropical cyclone/hurricane activity in 2017, 2018, and 2019, accounted for 36 percent of the last 20 years' worth of payouts for the peril--and 12 percent of all payouts for all perils since 2000<sup>1</sup>.

Cumulative Insured Loss by Peril



1. Aon, "Weather, Climate & Catastrophe Insight—2019 Annual Report," January 2020



## Claims Up

Certainly, it feels like parts of the U.S. have been a target for Mother Nature in recent years. The number of insurance claims caused by natural catastrophes in the U.S. reached 5.2 million in 2017 with claims totaling nearly \$102 billion.<sup>2</sup>



## Customer Satisfaction Down

A 2018 JD Power claims study showed that “Areas hit hardest by weather events show declining satisfaction.” Texas and Florida, in particular, show declining customer satisfaction scores in the aftermath of weather-related events.<sup>3</sup>

22%

Only 22% of insurance carriers believe they are effectively leading the market in their claims efforts<sup>4</sup>

So, what can you do to keep up with changing catastrophe risks while meeting ever-demanding business and customer satisfaction needs?

**It's simple: create operational efficiency.**

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2. Insurance Information Institute, “Spotlight on Catastrophes - Insurance Issues,” June 2018

3. J.D. Power, “2018 P&C Customer Satisfaction Study,” Feb 2018

4. Insurance Nexus, “Connected Claims Report 2019,” 2019

## PART ONE

# CHALLENGES

Some of the event response challenges we hear directly from insurers, brokers, or MGAs include:

*“ I need to know what happened when I was sleeping, traveling, or working on something else—without having to jump through hoops to find out.”*

*“ We’re dealing with time-sensitive situations, but the manual nature of exposure data collection, event monitoring, as well as data research and procurement delays our ability to respond to events expeditiously.”*

*“ I need a solution that not only focuses on events that I need to be concerned about, but also allows me to filter out the noise from events that I don’t care about.”*

## 8 key event response challenges

Let's take a closer look at the pressing challenges insurers face during catastrophes:

1. Knowing when an event has occurred
2. Knowing what hazard data is available and procuring it from disparate systems
3. Quickly processing data/footprints, getting them into usable formats, and making sense of them
4. Retrieving the most recent snapshot of exposures
5. Intersecting exposures with hazard data to understand portfolio impact
6. Determining if an event requires attention, action, and escalation
7. Gathering and dispersing actionable information across teams
8. Readyng customer response and pinpointing where to send outreach

### True Story

The president of a large personal lines insurance carrier received a phone call inquiring about a hailstorm that had happened the day before. So, he walked over to the analytics department to get more information—only to find out that they had no clue the event had even happened.

Whoops, sorry Mr. President.

As you well know, all of the above challenges—when conducted manually—lead to inefficient operations and delayed customer outreach. But the problem of operationalization data, in particular, warrants more explanation.

## CHALLENGES cont'd

# Operationalizing data: data frequency & accessibility

### **DATA FREQUENCY:** Keeping up with all the data (& making sense of it)

Operationalizing data can be a substantial barrier to success for many re/insurers, MGAs, and brokers, especially those who do not outsource their data processing. Working with our clients has illuminated a consistent struggle: **there is a gap between the wealth of data available and an organization's ability to quickly process, contextualize, and derive insight from it.** Those who try to go-it-alone by relying on in-house data teams, may find that they're spending more time operationalizing data than deriving value from it, particularly during time-sensitive events.

We're seeing a push among our data partners to be first to market with their forecasts as a means to establish competitive advantage. And, while this data race has the benefit of generating more information (and views of risk) around a given event, it also creates a whole lot of data for you, as a re/insurer, MGA, or broker, to keep up with and consume.

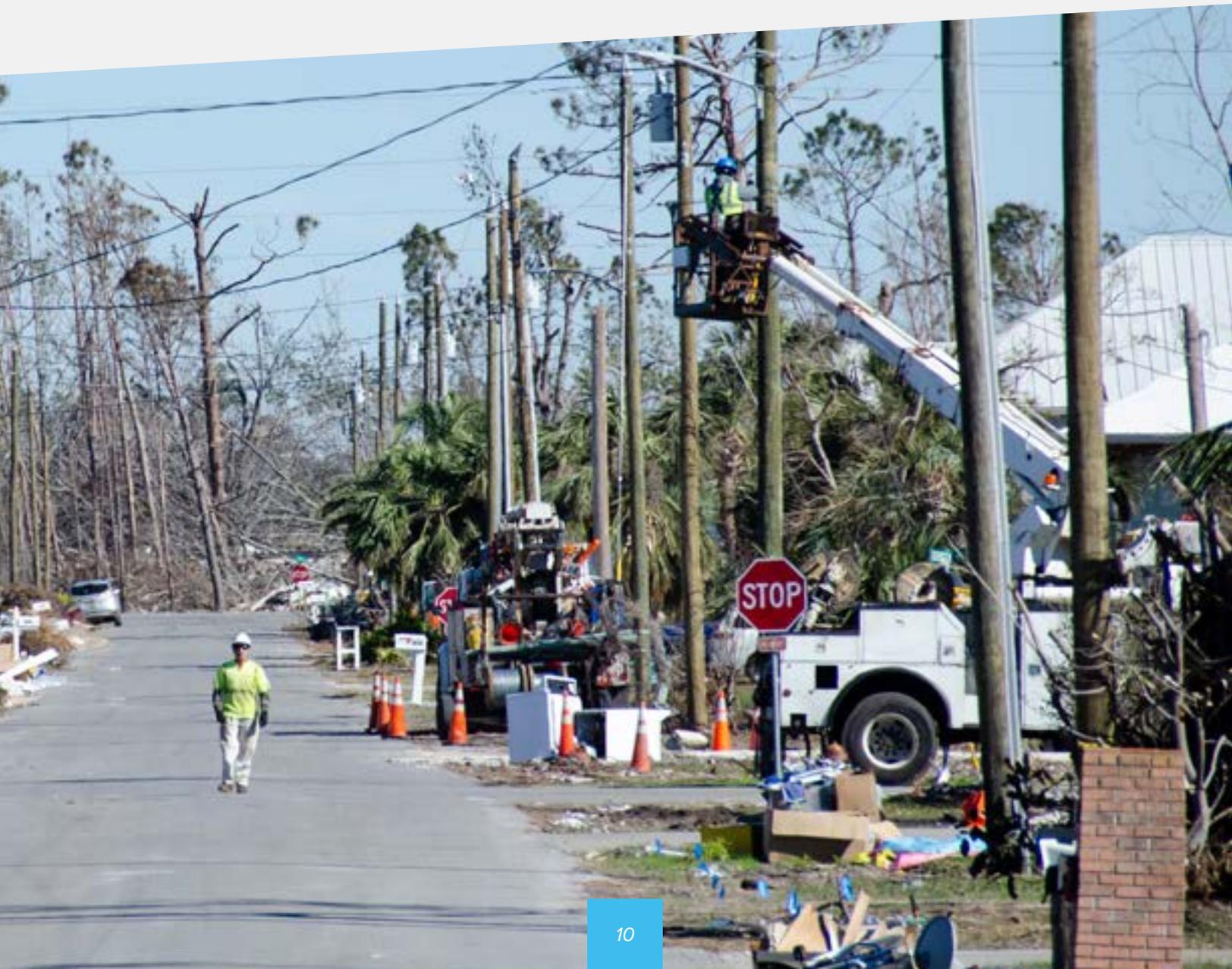
The job of 24/7 data puts an enormous strain on data teams, especially during seasons where back-to-back events are common. For example, during hurricanes Michael and Florence, Insurity's data team processed and made available more than 50 different datasets over the course of four weeks. This is an intense effort with all hands on deck. Insurers who lack the expertise and resources to consume and work with the sheer volume and complexity of data that is being put out by multiple data providers during an event may find the effort down-right grueling—or even impossible.

### **DATA ACCESSIBILITY:** How disparate systems sabotage event response

We now know the frequency of hazard data is one problem. The other is access to it. While data choice is abundant, you may find that you're still hopping between platforms to access and visualize hazard data and models in the context of your exposure data. A key reason for this is the proprietary nature of some trusted industry catastrophe models. They can drive inefficiencies by limiting where data can be visualized and how. This leads to the necessity of piecing together multiple disparate solutions to fully understand the extent of an event. Without the ability to quickly and efficiently calibrate views of risk, you'll be left with more questions than answers.

50+ in 4  
datasets weeks

During hurricanes Michael and Florence, Insurity's data team processed 50+ different datasets over the course of 4 weeks.



## PART TWO

# SOLUTIONS

## How automation helps solve event response challenges

Data has no value unless insight can be expediently extracted during time-critical events. There's a real opportunity cost to the time insurance professionals spend operationalizing data. In fact, we quantified that time in our previous hurricane scenario: approximately four hours per significant hazard data update. How many employees do you have working on data during a given event? How long does it take them to process data and intersect it with your exposures—each time there's an update? These are the questions you need to answer in order to justify investment in an automated event response solution. And, prioritize it among what's likely a long list of transformation initiatives.

On the bright side, automating your event response operations doesn't have to require large financial commitments or heavy investments in time and IT resources, and the positive impact is often immediate. At Insurity, we know first-hand that event response automation is on the "transformation radar" for many P&C organizations. Insurers simply have to prioritize automating pieces of the event response process in order to keep up with catastrophes, customer demands, and the competitive landscape.

So how exactly does the SpatialKey Event Response solution help create efficiencies in the event response workflow? Let's take another look at the key challenges discussed earlier, but this time with each corresponding solution and its direct value.

A majority of both North American (77%) and European (69%) claims executives say they will invest in automation over the next 2-5 years.<sup>5</sup>

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5. Insurance Nexus, "Connected Claims Report 2019", 2019

# Data Challenges & Solutions

## Staying in the know: What happened?

Knowing when an event has occurred	24/7 hazard event monitoring & notifications	Always be first to know about an event; no pulling reports or tracking events
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Getting hazard data: What data is available?

Knowing what hazard data is available & procuring it from disparate systems	Latest hazard data all-in-one place, including new & innovative sources	Saves time & eliminates the inefficiency of “data hopping” & data procurement
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Operationalizing hazard data: Is the data ready to use?

Quickly processing data/ footprints, converting to useable formats & making sense of them	Hazard data is pre-processed & in an intelligible format that is optimized for analysis	Reduces dependency on in-house data teams while driving faster insight
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Getting portfolio data: Are my exposures up to date?

Retrieving the most recent snapshot of exposures	Exposure data is continuously updated via API	Increases accuracy & removes a step from a time-critical process
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

# Analytics Challenges & Solutions

## Understanding impact: What is the impact to my portfolio?

Kicking off a process to intersect exposures with hazard data to understand portfolio impact	Hazard data is intersected with exposures; financial model calculates exposure; report pinpoints impact	Speeds entire event response process, removing bottlenecks & ensuring accuracy
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Portfolio relevancy: Do I need to care?

Determining if an event requires attention, action & escalation	Custom thresholds (e.g. hail 2" or >) pinpoint damage & send notification only if event requires attention	Ensures relevance while preventing inundation & keeping you focused on what matters
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Report creation & sharing: How can I best manage & inform stakeholders?

Gathering & dispersing actionable information across teams	Reports are automatically generated with numbers that matter	Expedites accurate numbers & event impact to upper management
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

## Cross-team collaboration: Where should I focus outreach?

Readying customer response & informing where to send outreach	Actionable analytics can be shared across organization with click of a button	Ensures shared knowledge, improves response time & downstream customer satisfaction
MANUAL CHALLENGE	AUTOMATED SOLUTION	RESULT

# Another hurricane strikes... but this time you're set with automation

Those couple hours that it took to get your portfolio data integrated and automation in place with a solution like SpatialKey are paying off (no deep breaths required).

Automated  
event response



(or less)

## 1. Investigate results and share a report

Within moments of NOAA publishing an update, you receive an email notifying you of the financial and insured impact. With the click of a button, you're in a live dashboard, investigating the event, your impacted exposures, and more.

You still have to get those numbers to management, but this time you can breathe easy knowing your numbers are not only accurate, but the whole process took a fraction of the time. Now when NOAA (or any other public or private data provider) pushes the next update, you'll be set with a highly scalable infrastructure that enriches your data, calculates financial impact, and produces a report within minutes.

## Why was this process much more efficient?

Since you invested a couple hours up front to integrate API technology, your exposure data was up-to-date.

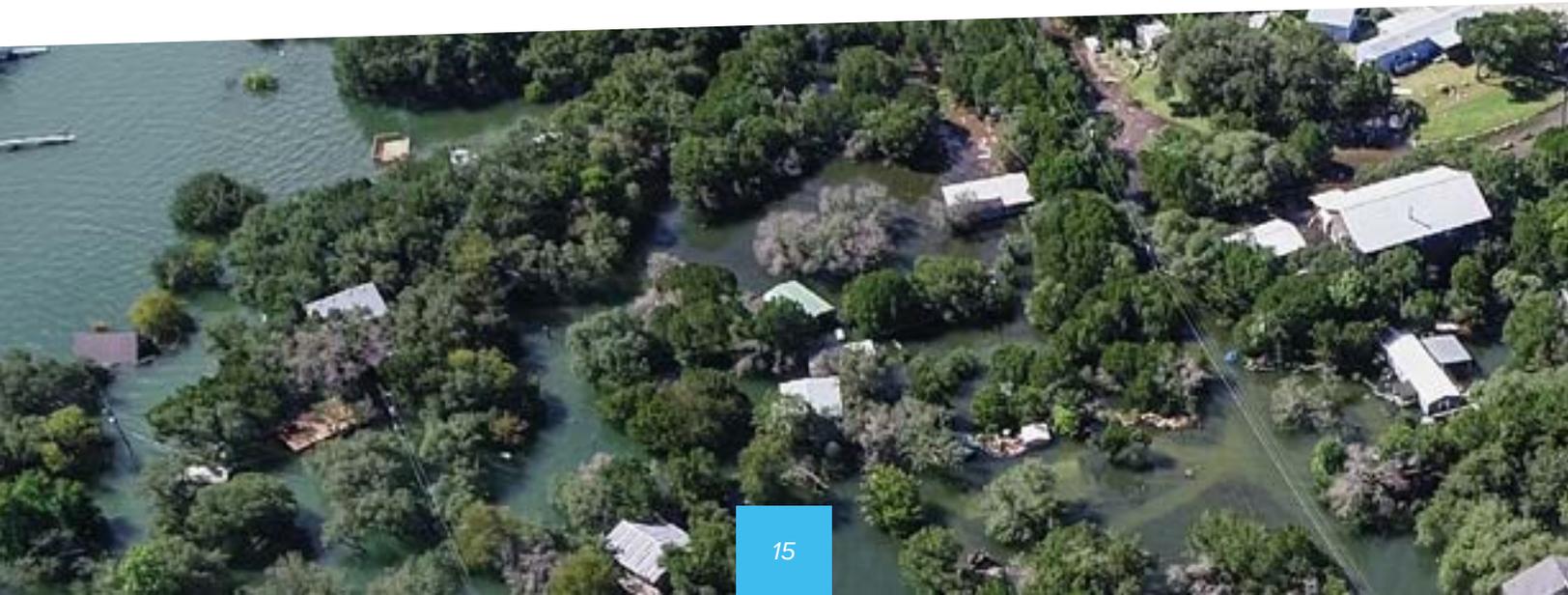
- ☑ You had access to pre-processed, ready-to-use hazard footprints as they became available.
- ☑ The event was monitored 24/7, so you didn't have to constantly track it and pull reports to understand what changed.
- ☑ Custom filters and thresholds ensured you were never inundated with notifications and only received metrics that you care about.
- ☑ You saved a bundle of time because a financial report was auto-generated for you to pass along to upper management.
- ☑ You were able to quickly share reports across teams so claims could get a head start on their customer outreach.

## Implementing an automated event response solution

It's important to consider your total investment, time, and resources to get up and running with a fully automated solution. With a solution like SpatialKey Event Response, it takes mere hours to integrate a portfolio through our data import application programming interface (API)—and limited (if any) IT resources. Once the API is set up, it takes just minutes to configure the event response automation piece.

So, essentially there are two steps: 1) Scheduling portfolio updates via data import API; and, 2) Defining what you want to automate (i.e. custom thresholds).

That's it! You're all set with automated event analysis.



## CONCLUSION

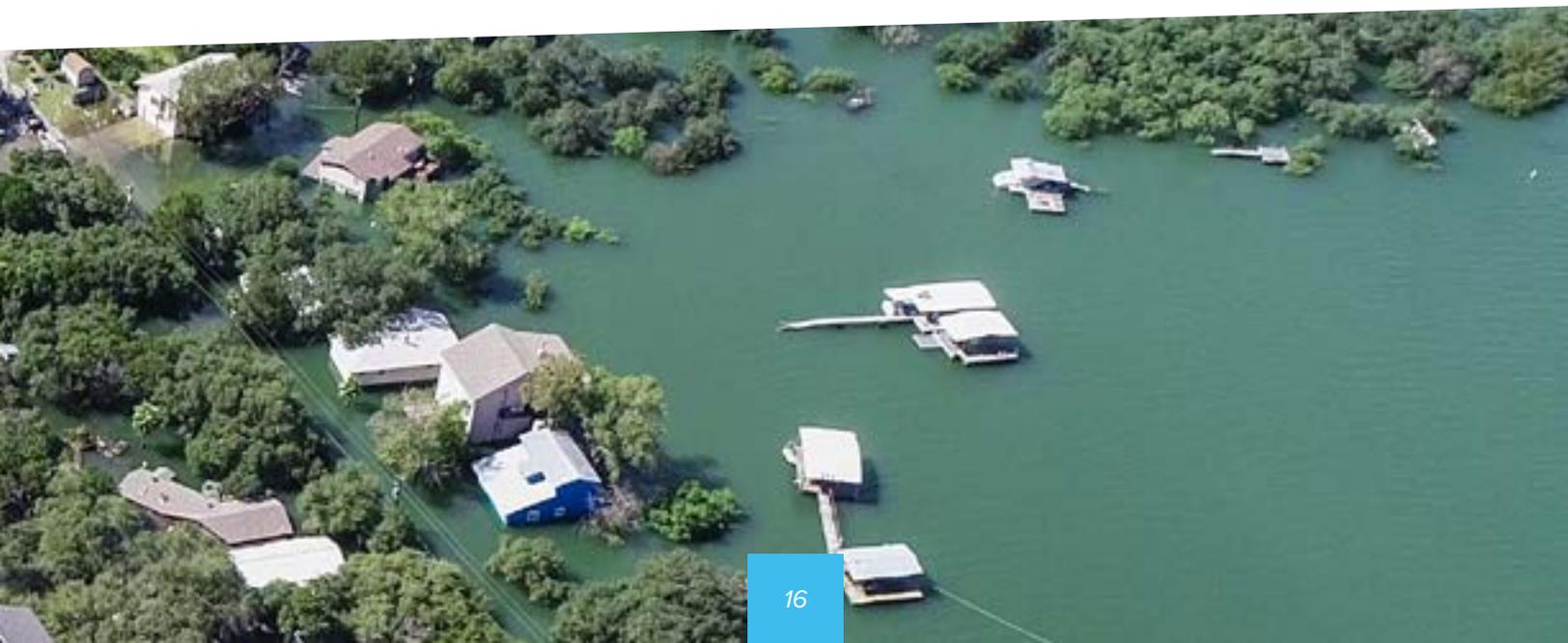
# Tick Tock: It's time to make your event response run like clockwork

It's clear, there's a better way to tackle the growing challenge of deriving insight from data and quickly understanding the impact of an event. If you lack the ability to operationalize and extract insight from time-critical data, you're operating in status quo when your management team and customers expect to know more about an event and sooner.

A solution like SpatialKey Event Response doesn't require major service disruptions or heavy hardware spend, and it drives immediate impact by reducing expenses, streamlining operations, and improving the customer experience now—not years from now.

Investing in your event analysis operations is not a flashy investment like AI or IoT. It's an investment in foundational technology—in the very pillars of your organization—that will set your event response and claims teams up for long-term success. Exemplary service is a differentiator. But in an on-demand world, your service can no longer be exemplary if it's not fast and exact.

At Insurity, we can have your event analysis and response operations running like clockwork in no time. So, when the time comes for your customers to make renewal decisions, your new level of service will ensure solid retention.



Insurity is a leading provider of cloud-based solutions and data analytics for the world's largest insurers, brokers, and MGAs. Through its best-in-class digital platform and with unrivaled industry experience and thought leadership, Insurity is uniquely positioned to deliver exceptional value, empowering clients to focus on their core businesses, optimize their operations, and provide superior customer experiences. With users worldwide and more cloud-based deployments than any other core system provider in the insurtech space, Insurity is trusted by 15 of the top 25 property/casualty carriers in the US. For more information, visit [www.insurity.com](http://www.insurity.com).

[Contact us](#) to learn more about how [SpatialKey Event Response](#) can help make your event response operations run like clockwork.



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