Understanding Your Actual Exposure

As the market continues to become increasingly challenging, having an underwriting and portfolio management platform that includes financial modeling is critical to:

**Staying competitive when underwriting new business**

**Understanding and managing concentrations in order to reduce losses and determine growth strategies**

**Confidently communicating potential catastrophe losses to management teams**

Insurity’s SpatialKey solutions feature a fully integrated financial modeling engine from underwriting to portfolio management, taking into consideration site terms, special conditions, policy terms, and facultative reinsurance.

Here are three ways to use financial modeling to enhance your analyses...

1. **Underwriting: Evaluate Accumulations Prior to Binding**

SpatialKey Underwriting gives organizations a competitive advantage by merging analytics and financial modeling together at the point of sale. Looking at accumulations prior to binding helps underwriters determine coverage limits and facultative reinsurance needs for new and renewing risks.

An “over 50M threshold” flag draws your attention to the prospective risk. Further analysis shows that adding this risk would increase ground-up losses by 1% and net losses by 78%—indicating that perhaps the risk could be written, but it would require considerable policy limits or facultative reinsurance.
Portfolio Management: Understand and Manage Your Exposure Concentrations

Financial modeling is critical in helping portfolio managers understand and manage concentrations, whether the goal is reducing losses or advising where to grow business. Using the SpatialKey Exposure Management solution, you can identify policies where additional facultative reinsurance may be applicable or pinpoint locations coming up for renewal that may require new policy terms, additional premium or are subject to non-renewal.

When looking at top portfolio concentrations within a 1-mile radius above, you can see 10 accumulations with exposure exceeding our $150 million threshold.

Diving into a concentration where exposure exceeds our $150 million threshold, you can see that facultative reinsurance is netting down exposure by $44 million, but that doesn’t push it below our threshold. With Insurity’s SpatialKey solutions, you can easily see where you need to focus your time and risk mitigation efforts.
Event Response: Understand Your Exposure to Catastrophic Events

While it’s important to understand the total impacted values, you also want to ensure that you’re not overstating losses by overlooking policy terms that may reduce your exposure. This will give you the most accurate perspective on whether you have enough capital to support potential incoming claims.

Shown here, $653 million of value was impacted by hail 2 inches or greater. When reporting to management, you can consider the impact of policy terms and facultative reinsurance and confidently cap the potential impact at $30.7 million in net losses.

To learn more about financial modeling, or for more information about Insurity's SpatialKey solutions, contact us.