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## Hurricane season brews up a storm of interest for accurate, accessible risk data

Hurricane season will be going strong through December, and while Hurricane Earl fizzled in August, Hurricane Igor just recently caused some scary moments for the tiny island nation of Bermuda.

Meanwhile, in Colorado, severe wildfires have caused severe damage. In the Boulder fire, for example, more than 6,400 acres of mountainous countryside burned and 166 homes were destroyed.

With the Colorado fires and uncertainty of the 2010 hurricane season as a backdrop, the need for accurate risk data in the insurance industry and the many purposes it serves – risk analysis, accurate policy pricing, loss reserving, and predictive analytics – has never been stronger.

“As the industry begins to embrace and leverage all of the various risk analysis tools in the marketplace, insurers now more than ever need to ensure that all of the policyholder data is complete, accurate and consistent – especially the location data,” says Deb Smallwood, founder of Strategy Meets Action ([strategymeetsaction.com](http://strategymeetsaction.com)), an insurance advisory firm based in Boston.

“What good are the tools if they are processed against incorrect data,” she says. “Many insurers are shifting the focus to smart location intelligence so that at any given point in time, with any given event, insurance executives will know what, where, and how extensive the impact of the event will be to their book of business and how to best mitigate potential loss.”

“Insurance carriers are always hungry for more detailed data, and the combination of risk data and location intelligence is a huge positive for the industry,” adds Bill Sinn, Strategic Industry Director, Insurance Practice, at Pitney Bowes Business Insight ([pbinsight.com](http://pbinsight.com)), a leading software company that provides location intelligence technology, end-to-end customer communication management solutions, and data management applications for insurance carriers. (The company is a division of the \$5.6 billion dollar mailing solution giant -- Pitney Bowes Inc.)

In fact, according to Lamont Norman, PBBI’s global product manager, enterprise business solutions, easier access to the best possible data is the primary driver behind the company’s Risk Data Suite, a compendium of natural peril data including earthquake, flood, tornado, wildfire, and hurricane information.

“It is critical that the underwriting function at property and casualty insurers have accurate risk data in the process of making key decisions,” says Norman. “They need the best possible data so they can underwrite the properties and policies in an automated fashion. That especially means geocoding and spatial processing as part of the mix.”



Norman explains potential risks for a policy issuance or renewal decision need to be as definitive as possible, and firms such as PBBI can help make that happen by delivering the most accurate, location-based information to the underwriters using its Risk Data Suite technology.

“An underwriter needs to determine if a renewing policy or new policy is at risk for hurricane, flood, fire or windstorm,” Norman says, explaining that a potential policy is first geocoded (assigning a longitude and a latitude to a specific location) via PBBI’s Spatial Plus or Location Intelligence applications. Next, insurers can build in their own business rules, so the data is best used for their specific underwriting appetite and current book of business.

For some policies, that could mean a search within 5 miles of a coastline, while for others, an underwriter would want to know if a severe earthquake has occurred over the past 5-10 years within 10 miles of a potential insured.

PBBI's Risk Data Suite offers two distinct data tiers. The first is comprised of risk data available through Federal and local governments. Yet, while the data is public, accessing it without a single data solution is, at best, cumbersome and slow.

For example, Norman explains, eight states have wind pool zones, and each of those states has its own data. PBBI has consolidated the data into the Risk Data Suite via a specific Windpool bundle.

"Insurers can come to us and we already have packaged the data into a single bundle, a one-stop solution," he says. "It's an underwriting advantage, and there is no need to check updates. The Suite does it automatically. It's about standardizing the data into several optional formats, which we will do for the client. It saves them the burdensome work of integrating, standardizing, etc."

PBBI's second data tier offers premium, proprietary data, which governments don't provide. An example of this would be PBBI's Fire Station Data Bundle, which offers the most comprehensive list of fire stations and departments nationwide. Another example is a new PBBI bundle that provides in-depth data focused on Canadian flood data, and there is also a terrorism risk bundle, for risk on a more global scenario.

"By taking our data and building their own business rules, insurers can drive more profitable underwriting, better manage their underwriting risk and improve the stability of their overall book of business," Says Norman.

As noted, at its basic level, PBBI's Risk Data Suite combines geospatial datasets and historical information for evaluating information for potential fire, weather, natural disaster and terror-related exposure. Norman explains that when insurers combine the Risk Data Suite with PBBI's line of risk assessment software products, they improve the odds of making more accurate, profitable decisions, in critical areas including:

- Rate calculation and policy underwriting
- Disaster planning and emergency preparedness
- Site analysis
- Claims resource allocation
- Portfolio risk management
- Workers compensation

The PBBI Risk Data Suite offers bundles for several risks, including earthquake, fire station, wildfire, mass movement (lava flow, sinkholes, abandoned coal mines, landslides), shoreline, weather (hurricanes, hail storms, tornadoes, windstorms), windpool, Canada flood, and terrorism risks. Also, the Risk Data Suite is available in both MapInfo Tab and Centrus GSB/GSA file formats.

With the Weather Bundle, for example, insurers and clients receive comprehensive hazardous weather data including hurricane, hail, tornado and windstorm information.

The hurricane data is a historical record of hurricanes recorded between 1889 and present, and PBBI provides data using geographic information systems technology with up-to-date information from the National Hurricane Center (NHC) and National Oceanic and Atmospheric Administration (NOAA).

For hailstorms, tornadoes and windstorms, the data is a historical record of hailstorms recorded between 1950 and present, with data provided at the county level using geographic information systems technology with up-to-date information from the National Climatic Data Center (NCDC) and NOAA.

"With this bundle, insurers can clearly identify weather-related risk exposure for commercial and residential properties," Norman says, adding, for example, insurers can use weather-related data to determine client risk exposure. When an insurance portfolio is processed, each of the properties is quickly evaluated for weather hazard potential.

With the Wildfire bundle, data can be used to identify areas of potential risk to wild fires (forest, brush, etc). In this bundle, the data is based upon the California Department of Forestry and Fire Protection. Applications include:

- Automatically assign potential wildfire risk factors to every property location.
- Find high- and medium-wildfire threat zones within 5 miles of residential properties (used in conjunction with other PBBI tools).
- Visually display wildfire threat zones to analyze properties that are close to high wildland fire risk areas (used in conjunction with other PBBI tools).

"With fifty percent of insurance losses being caused by wildfires in 2008, insurers and re-insurers can use the wildfire bundle to create wildfire risk value for personal line limits and for new business processing as well as for evaluation of

a carrier's current book of business," Norman says.

With the fire station bundle, underwriters can access a map of the specific location of the personnel and equipment within a fire department's geographical service area. With P&C companies using fire protection information to determine homeowner's insurance rates, the fire station bundle allows underwriting departments to quickly determine if a residential property has enough local fire support (the data can be used in an automated underwriting environment or as a batch process).

In the end, says PBBI's Sinn, the data bundles cover a wide range of potential risk, but most of all, they can help underwriters focus more on their core competencies and primary objectives – making the best possible decision on a policy or group of policies (new or renewal) in any given geographical area.

"Insurers of all sizes are realizing that if they can truly automate data capture and meld it into their underwriting systems, then their underwriters can concentrate on choosing the most profitable business," says Sinn. "Everything today revolves around ROI, and our Risk Data Suite allows insurers to underwrite to a profit by accessing the best possible data as quickly and easily as possible."

For more information, visit PBBI's Risk Data Suite Catalog at <http://gw.vtrenz.net/?E084J4UPGB> and Wildfire Bundle Data Sheet at <http://gw.vtrenz.net/?DJZBN1QOJT>.

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