Reliable data is no longer just a 'nice to have'. Insurers continue to search for where they can obtain the data they need to enhance their underwriting capabilities. Much of the information exists, but many underwriters around the world are still unsure about how to gain access to it.

During this Live Chat, hosted by **Matthew Grant**, panellists shared their advice on where to find the essential data for accurate underwriting, including practical examples of how this data can be more easily integrated into an underwriting process in an efficient way.

This event also explores how to source data that is complete, current and valid.

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Instech London

CoreLogic

Speakers

William Forde
CoreLogic
Senior Director,
Insurance and
Spatial Solutions

Hélène Stanway
Future at Lloyd's
Market
Engagement &
Adoption Lead

Simon Fagg
AdvantageGo
Senior Director,
Product Strategy

Ian Branagan
RenaissanceRe
Group Chief
Risk Officer

Learning objectives

- Understand the potential for data to enhance and improve the accuracy of the underwriting process

- Compare some of the options available for sourcing data from both inside and outside the insurance industry

- Distinguish the capabilities and innovative new features of some existing data solutions

What does CoreLogic do?

William Forde: CoreLogic is a provider of property data, analytics, workflow technology, advisory and managed services. US real estate data assets are at the heart of CoreLogic's business; we are providing coverage of property, mortgages and other encumbrances, consumer credit, tenancy, location, hazard risk and related performance information. We also cover Europe and Australasia, servicing the lending and government markets. Seven or eight years ago we began exploring adjacent markets where data could be used to make better decisions and entered the insurance industry. Since then, CoreLogic has acquired several companies including EQECAT, Marshall & Swift/Boeckh, Myriad, Symbility and most recently Next Gear Solutions. The latter is an insurtech company which provides digital workflow platforms to the property restoration industry.

What challenges are there in obtaining property data, and in a format that is practical for underwriting and analysis?

William Forde: Despite the importance put on the value of data, there are still many challenges for insurers. The volumes that need to be processed are huge, and significant time is spent verifying, managing and organising it. We aim to find ways to reduce this

friction and therefore help underwriters improve their underwriting efficiency. CoreLogic taps into data sources that are often not available for insurance, such as from the real estate industry.

What challenges are CoreLogic trying to solve?

William Forde: One of the challenges that industry has been trying to solve for a long time is the issue of data re-entry. At CoreLogic we help to improve this through bringing our data together using a unique identifier. Another good example of where we can help is with data transformation. Each vendor has different data standards and with every transformation there is a loss of fidelity, which reduces underwriting effectiveness. Use of APIs is vital to reduce this loss of accuracy and quality. CoreLogic is supporting the wider development of interoperability and open data standards as part of an IDF (Insurance Development Forum) working group.

Have the issues surrounding data improved in the last 30 years?

Ian Branagan: There was a period in the 1990s where some meaningful improvements occurred. Since then, we've seen few changes in the use of underwriting information and data workflow.

Moving to open data standards which allows for interoperability is key. Having a single set of definitions of data and data records that everyone in the industry adheres to would help to achieve efficiency through the entire supply chain. So far, all attempts to create this have failed. The industry today is reliant on a small number of proprietary data standards, defined by the companies that are selling the main analytical and modelling tools. It's not possible to get every company to adopt one of these standards and give up their own. I believe the way around this is to create an interoperability capability, whereby any proprietary format can be converted into other ones. The companies offering the tools would need to publish their standards so that interoperability tools can be created. The IDF interoperability workstream, which we support, is one of the groups seeking to encourage this and is open to everyone.

> ## "There's still a big difference between companies that are 'document-led' and those that are 'data-led', and that gap is widening."
>
> **Hélène Stanway**

In what areas is access to data improving?

Hélène Stanway: Companies that are data-led are accelerating quicker by accessing new data sources, whilst those that are document-led are still focused on data extraction capability.

As we have heard, having a single set of definitions of data and data records that everyone in the industry adheres to would help to achieve efficiency through the entire supply chain. Standards could be applied for certain segments or data points, but doing it holistically, across the whole market, is proving challenging. There's a big opportunity to

improve efficiency by creating tools or guidelines that standardise names and addresses of companies, for example, but I am not aware of anyone doing that just now.

Lloyd's has released the first version of its Core Data Record (CDR) which aims to move the industry towards a more common set of definitions, focused on processing downstream data.

Reducing costs through standardising back-end data processing can release capital to focus on digitising the front-end, where risk decisions are made.

Ian Branagan: Raw data with conversion layers to multiple output formats would be beneficial. The underlying data structures still need to be open for this to be possible.

Are there any examples of companies that you've seen be successful in implementing solutions to these problems?

Hélène Stanway: Algorithmic syndicates like Ki Syndicate are making improvements through being more data-led and automating decision making. Companies that are moving towards dynamic data rather than static data are also leading the way. Dynamic data involves the adoption of Internet of Things (IoT) data, for example the health of buildings in real time and the use of digital twins.

Where should those interested to learn more about the use of IoT for data go to learn more?

Hélène Stanway: A group of us have created the SENSE Consortium. We are aiming to educate and inform the market about IoT.

When is the API for the DDM (Lloyd's Delegated Data Manager) going to be available?

Hélène Stanway: It's coming late Q2 or early Q3 next year. From an open market perspective, the API standards are also being built on the CDR. There will be an opportunity in Q1 for early adopters to test it.

How is CoreLogic acting as a platform for other data sources?

William Forde: Last year, in 2020, we launched the "Digital Hub Alliance", a multi-tiered alliance program for insurtech and third-party solution providers. Companies can sign up and we help them to integrate their data or solution into our underwriting or claims platform. Over 100 companies are already part of the Digital Hub Alliance and growing.

How is AdvantageGo helping clients with data issues?

Simon Fagg: AdvantageGo provides commercial insurance and reinsurance management solutions that help to enable risk and exposure administration. We work with ecosystem partners which provide data and enable decision making at the point of underwriting. We also work with third-party data providers in relation to geocoding, foreign exchange, peril and hazard scoring. The next step is looking at loss information from claims information that is being provided by companies such as CoreLogic.

Is the "open insurance" initiative going to provide the opportunity for sharing data?

William Forde: CoreLogic provides property characteristic data. Our clients can access this through our API. More generally the concept of open data only goes so far. It's important to enable understanding of how information is arrived at, and for property characteristics CoreLogic does that.

Hélène Stanway: The main focus at Lloyd's has been on post-bind data - we haven't explored open insurance. Trust is an important issue with open insurance. From a client perspective, there's a lot of reticence to share more data with insurers.

Ian Branagan: Insurers appear to have become less prepared to share information. If a property can be represented as an object that has a unique ID and a number of characteristics, then information can be shared more openly. The insurance industry has not got there yet as there is still a perspective that data is gold, and hence can't be shared widely. Open banking standards were driven through regulation, which is why it has become successful. Lloyd's is in the perfect position to enforce change through regulation where interests aren't initially aligned.

After a loss from a natural peril, the cost of repair goes up because buildings need to be repaired more quickly. Does RenRe monitor or model this loss creep or claims inflation?

Ian Branagan: In 2008, RenRe began to collect data on losses that appeared to be outsized relative to the physical damage to the property, for example. This is part of "social inflation" that can occur across many insurance claims. We've seen this propensity for claims go up by more than we believe is correct in certain specific regions. We've now adjusted our models to account for this as we believe this is a long-term trend.

Are there any organisations that provide data to help with forecasting losses?

William Forde: CoreLogic has a team in the US that publishes a quarterly construction insight report, which is available on our <u>website</u>. In addition, we provide reports and analytics on non-weather related claims and information on propensity to claim for districts in the US.

Does CoreLogic provide insights into its data and methodologies?

William Forde: Yes, we provide insight and access to our scientific team to help our clients to understand how our catastrophe models are built. We also provide the methodologies for our property data that is derived from multiple sources.

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