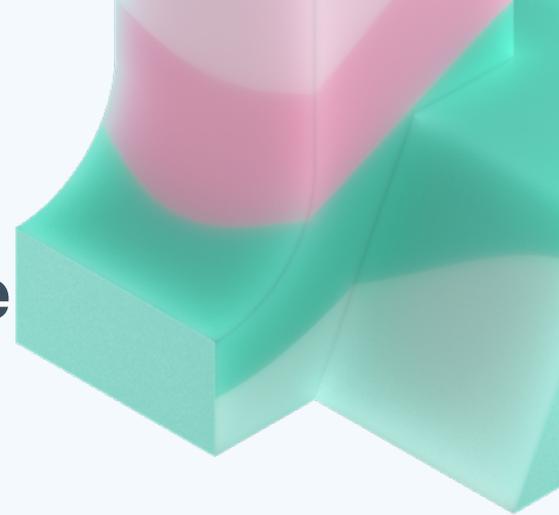


P&C insurer improves commercial property loss ratio with Cytora Underwrite



When a leading property and casualty insurer began to experience a spike in losses, they turned to Cytora. By using Cytora Underwrite to achieve accurate information at the point of quote, the insurer has been able to improve the loss ratio of their commercial property portfolio, while growing premium in target segments.

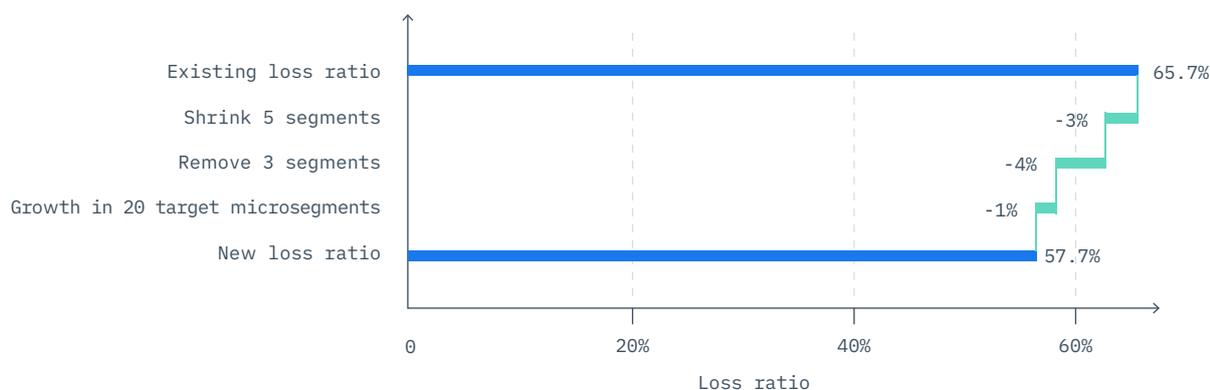
Key outcomes

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Projected improvement in commercial property loss ratio, from 65.7% to 57.7%

8%

Premium growth in target segments



The Challenge

Following strong segment growth after the launch of a new product offering, a leading UK property and casualty insurer began to experience a spike in losses. In 18 months, the attritional loss ratio had risen from 61.4% to 65.7%, reflecting rising rate pressure and a portfolio mix that remained unchanged against a backdrop of fluctuating losses across core segments.

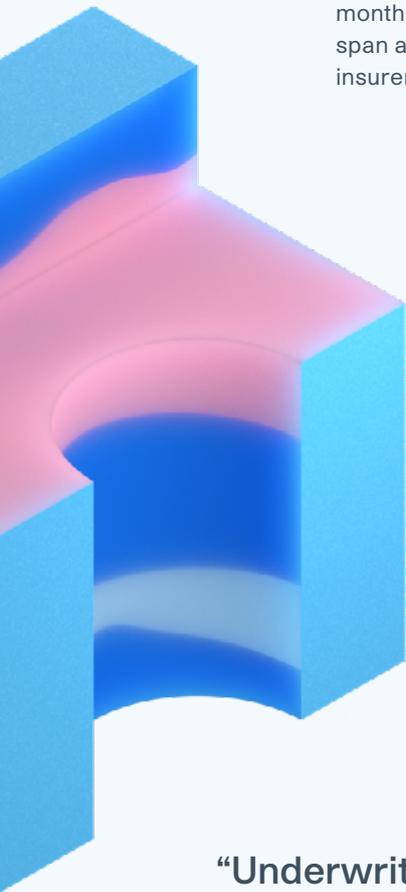
The insurer needed to determine whether the book's losses were a result of short-term deviation or fundamental change. They also sought to improve the accuracy of their risk selection and pricing decisions to achieve a better loss ratio. The insurer approached Cytora to improve their underwriting performance.

The Solution

1. Diagnose

The insurer worked closely with Cytora to benchmark their portfolio frequency, severity and loss cost against the wider population. They found that their portfolio losses were driven by higher than expected losses in eight segments and set about shrinking or removing these segments from their appetite.

The insurer also identified six sectors in which they were outperforming average losses – a signal to grow in these segments. They identified twenty micro-segments as having desirable burn rate loss trends, which had reduced by more than 50% over last 24 months, had low volatility in a 3-year time span and a market penetration held by the insurer of less than 5%.



“Underwriters now see an accurate score and price for every risk at the point of quote or renewal, enabling them to focus on winning the most attractive risks”

2. Implement

After defining the target portfolio mix and outlining segments to grow and shrink, the insurer worked closely with Cytora to integrate Cytora Underwrite into their existing underwriting workflow. Powered by the Cytora Risk Engine, Cytora Underwrite provides a score and technical price for every risk, enabling the insurer to achieve accurate risk assessment and pricing at the point of quote and renewal. The integration was done using the Cytora Underwrite API, a RESTful web service that integrates seamlessly with existing underwriting applications.

The insurer’s IT underwriting systems were augmented to display Cytora risk scores and other outputs for each submission, enabling underwriters to harness information outside of question sets and base risk selection and pricing on market-wide experience. By working closely with Cytora’s deployment leads, the insurer was able to complete the integration process in less than 4 weeks.

To continuously monitor book performance and size as the new strategy was implemented, the insurer used Cytora Target to establish a tight feedback loop between market trends, portfolio strategy, and on-the-ground underwriting operations.

The Result

By using Cytora Underwrite, the insurer’s underwriters now see an accurate score and price for every risk at the point of quote or renewal, enabling them to immediately determine whether risks are within target appetite, and focus on winning the most attractive risks.

On the basis of initial modelling results, the insurer is projected to reduce their commercial property loss ratio by 8 percentage points – from 65.7% to 57.7%. Through having this information, they have also been able to grow premium in target segments by nearly 8% annually.



Cytora is an artificial intelligence company building a new way for commercial insurers to price risk.

The Cytora Risk Engine identifies patterns of good and bad risks over time, enabling insurers to grow premium and improve loss ratios while delivering more accurate prices to customers.

Contact us to bring Cytora's risk targeting, selection and pricing advantage to your commercial portfolio.

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