

PROPERTY INSURANCE REPORT

The Authority on Insuring Homes and Commercial Property

Vol. 27#5/629 **Aug. 17, 2020**

INSIDE

Plymouth Rock prefills data for every property for fast bindable quotes. **Page 2**

Lower storm losses, heated competition keep a lid on Indiana rates. **Page 5**

Insurers favor Indiana's stability. **Page 7**

Data products proliferate to enable instant home insurance quotes. **Page 9**

First-half catastrophe losses rise. **Page 10**

Insured Losses From Hurricane Isaias Top \$4B

In a year defined by a public health and economic catastrophe, weather catastrophes won't give it a break.

On the heels of Hurricane Hanna in July and Hurricane Isaias on Aug. 3 came a derecho that produced severe wind damage across **Iowa**, Northern **Illinois** and northern **Indiana** on Aug. 10.

Much of the wind exceeded 75 mph, downing trees, toppling semi trucks and creating at least minor structural damage in many communities, according to the **National Weather Service**. The storm spawned a tornado in a Northside neighborhood of Chicago.

Hurricane Isaias caused about \$4 billion in insured losses in the U.S., according to catastrophe modeling firm **Karen Clark & Co.**

Please see ISAIAS on Page 10

Greater Use of Prefill Data Driving Faster Homeowners Price Quotes

More property insurers are using big data to quote with the efficiency of their auto insurance counterparts, aiming to meet customer expectations for on-demand service and avoid post-bind rate changes that often leave policyholders feeling like a victim of bait-and-switch.

Plymouth Rock is one of the larger legacy insurers to use mass prefill data to skip the typically long and monotonous property applications with questions that homeowners often don't know the answers to – or think they do, but don't. With some signs that home insurance shopping increased during the COVID-19 pandemic, insurers that offer frictionless quotes believe they could prove advantageous as homebound homeowners go online to find better money-saving deals.

Clovered, an online quoting platform with call-center

Please see QUOTES on Page 2

Indiana Auto Rate Cuts Intensify Competition in Homeowners

A business-friendly state and low catastrophe exposure, **Indiana** is the kind of place insurers love to compete.

Above all else, insurers describe Indiana as a "stable" market, primarily because of its regulatory and legislative climate. But as the largest personal lines carriers slash auto rates, the competitive heat is intensifying pressure in an already competitive homeowners insurance market.

While most of the largest home insurers have taken just modest rate changes since the start of 2019 – **Indiana Farm Bureau** being the exception with an 8.6% cumulative increase in that time – auto insurers have cut rates dramatically, according to RateWatch from **S&P Global Market Intelligence**. While the top 10 raised home insurance rates an average 1.2% since January 2019, auto insurers have cut rates an average 5.0%, with **State Farm** and **Progressive** leading the way with 12.4% reductions.

Please see INDIANA on Page 4



QUOTES *Continued from Page 1*

agents that can quote and bind home policies in a matter of minutes, is the fastest growing agency for **Universal Insurance Holdings**, CEO **Steve Donaghy** said in an April earnings call. The platform has attracted people who “may be at home and are getting insurance bills and are trying to do some research online,” he said.

Several property insurtech startups have made online quoting a main feature: **Hippo** launched with direct digital distribution in 2017, while newer entrants like **Openly** provide instant bindable quotes through independent agents. When **Swyfft**, a managing general underwriter (MGU), began selling home insurance in 2016, it proclaimed its ability to create an insurance quote in just a few seconds with just an address entered on its website.

Prefill quoting isn't limited to online sales as insurers begin to push fast quoting out to their agents in the field.

The property insurance shopping experience lags behind evolving consumer expectations. New attitudes have been shaped not just by **Amazon**, **Netflix** and other e-commerce companies, but also by the successful marketing of insurers like **Geico** and **Progressive**, who deliver best-in-class quote to bind experiences.

The growing availability of data makes efficient quoting possible for a larger number of home insurers. In addition to data from vendors like **LexisNexis** and **Verisk**, carriers have easier access to free public records and new sources of data, like aerial geospatial analysis from providers like **Eagleview**, **CoreLogic**, **Cape Analytics**, **Betterview**, **Arturo** and others.

The most effective data sources offer open APIs that allow insurers to automatically integrate cloud-based information into rate calculations, said **Mike Gulla**, Hippo director of underwriting. Automated quoting and rating

algorithms can ingest mountains of data early in the quote, enabling underwriting rules to decide, relatively early in the workflow, whether the risk is acceptable.

Insurers believe that offering instant bindable quotes can improve the customer experience by making shopping easier and building confidence that the quote will accurately reflect the final cost.

All insurers have a post-bind underwriting process that includes a physical inspection on a subset of customers, and all states allow a post-purchase underwriting period that typically lasts 60 days after the policy's effective date. If the quote is accurate, the post-bind underwriting process should do little to change it, but more often it leads to a higher rate. In effect, insurers ask customers for lots of information and then “unintentionally call them liars,” either at binding, renewal or a claim, said **Bill Martin**, president and CEO of Plymouth Rock's home insurance business.

“The problem with homeowners insurance is what they get quoted isn't usually actually what they end up paying,” Martin said. “There's so much work that goes on after the quote, so much data-pulling and inspection and so forth. The percentage of time – in the traditional process – that you're going to get the rate you were actually quoted is very small.”

Plymouth Rock began a pilot program in 2017 to prefill property data across all properties in **Pennsylvania**, rather than customer-by-customer at point of sale, and it has since expanded the project to all six states in which it sells home insurance. It now prefills data for every property, and then puts that information in the hands of agents. The more functional the agency's website



Bill Martin
Plymouth Rock

Please see QUOTES on Page 3

QUOTES Continued from Page 2

is, the more traffic it'll get.

"They can essentially give the same sort of customer experience," that the mass-marketing direct writers do, Martin said.

Once the insurer essentially had a rate for every property in its territory, it could pre-rate the entire prospect group rather than wait for shoppers to request a quote. Agents can put the Plymouth Rock widget into their website, or customers can go through the Plymouth Rock website and then be assigned an agent.

To prefill data en masse, Plymouth Rock took the risk of buying in bulk from data aggregators, promising to pay them more than usual for each new business application.

The prefill data includes county tax assessment figures for individual properties as well as information like weather history and crime statistics. Real estate data provides sales prices and the current price estimate including improvements, which may be closer to the replacement cost than the customer's own estimate, Martin said. The company also buys aerial imagery data about the roof's condition and features.

To generate a quote, the company needs the homeowner's address, and sometimes the name and date of birth. Customers can then decide between three different customizable coverage packages with rates.

This process allows agents to spend more time talking to the customer about coverage specifics rather than tediously probing about property characteristics, Martin said. In general, customers don't know the exact percentage of their floor that's linoleum, for example, or the exact square footage of the roof, or when their roof was replaced. "They're just not very good contractors in terms of figuring out how much they need to insure the house for," Martin said.

Another goal is to embrace low-intent shoppers. Martin said the company is running about 10 times as many quotes as a year ago, and he attributed a large portion of the company's 40%

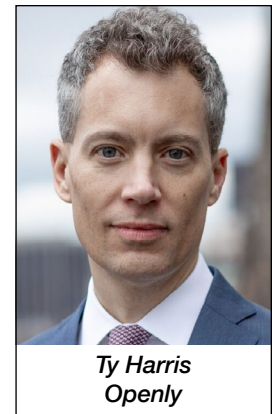
growth in 2019 to the new quoting strategy. With few if any changes to policy premiums after post-bind underwriting and inspections, the company prices more defensively on the front-end.

A new entrant, Boston-based **Openly**, has made instant bindable quotes one focal point of its strategy, advertising a bindable rate in 15 seconds with just three questions — name, date of birth and address. Co-founded in 2017 by **Ty Harris**, former chief product and underwriting officer for **Liberty Mutual**, and **Matt Wielbut**, a former **Goldman Sachs** vice president, the MGU launched its homeowners product in **Illinois** in October, later expanded to **Arizona**, **Tennessee**, **Pennsylvania** and **Kentucky**, and plans to enter **Massachusetts** and **Indiana** this year.

Unlike many recent insurtech startups that offer insurance directly to consumers, Openly sells through independent agents. Openly believes its target customer will value an agent's expertise and customer service when insuring single-family homes valued between \$400,000 and \$1.5 million. Agents can use Openly's software to generate a quote, or they can receive a quote through comparative raters. Large agencies can use Openly's open API to integrate its quoting portal into the agency's in-house quoting platform. It is currently building a widget for agents to use on their own websites. Openly also provides quotes on consumer-facing websites like **Policygenius** that eventually connect the shopper with an agent by phone.

The aim is to avoid paperwork and limit the need for agents to walk customers through a quoting wizard one question at a time from across a desk.

Openly's rating algorithm prioritizes which



Ty Harris
Openly

Please see QUOTES on Page 8

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

State Market Focus: INDIANA

Continued from Page 1

Insurers are keeping a close eye on State Farm, to see if its aggressive rate action in auto will carry over to homeowners insurance. State Farm dominates both home and auto insurance lines in Indiana, despite declining market share.

It lowered homeowners rates 3.0% in 2018 and 1.6% in 2019, while keeping them flat so far this year, according to RateWatch.

While Progressive is still much smaller in property insurance, it now ranks as the 14th-larg-

Please see INDIANA on Page 5

Indiana Homeowners Multiperil Insurers

Groups Ranked by Total 2019 Direct Premium Written (000)

Group Name	2019 Premium	Mkt share 2019	Loss Ratio 2019	2018 Premium	Mkt share 2018	Loss Ratio 2018	2017 Premium	Mkt share 2017	Loss Ratio 2017
State Farm Mutual	\$500,100	24.2%	60.2%	\$502,702	25.3%	49.9%	\$490,727	25.8%	59.9%
Allstate Corp.	\$176,873	8.5%	51.8%	\$160,309	8.1%	44.8%	\$148,039	7.8%	43.6%
Indiana Farm Bureau	\$168,667	8.2%	59.2%	\$159,919	8.0%	48.3%	\$153,481	8.1%	51.4%
Liberty Mutual	\$160,735	7.8%	52.1%	\$160,548	8.1%	43.8%	\$149,992	7.9%	61.4%
American Family Insurance Group	\$141,089	6.8%	49.2%	\$132,278	6.7%	40.0%	\$127,703	6.7%	55.0%
Erie Insurance	\$118,058	5.7%	62.2%	\$111,355	5.6%	44.9%	\$108,500	5.7%	59.3%
Auto-Owners Insurance	\$90,751	4.4%	51.6%	\$83,897	4.2%	38.8%	\$75,564	4.0%	40.4%
USAA Insurance Group	\$69,375	3.4%	58.0%	\$62,573	3.1%	55.0%	\$56,840	3.0%	71.6%
Travelers Companies Inc.	\$67,072	3.2%	56.0%	\$58,447	2.9%	49.4%	\$53,619	2.8%	69.1%
Indiana Farmers Mutual Insurance Co.	\$53,336	2.6%	86.0%	\$51,145	2.6%	57.7%	\$49,368	2.6%	60.7%
Nationwide Mutual Group	\$51,835	2.5%	80.2%	\$48,544	2.4%	77.2%	\$49,218	2.6%	73.3%
Farmers Insurance Group	\$51,523	2.5%	54.8%	\$52,027	2.6%	42.1%	\$52,155	2.7%	43.5%
Cincinnati Financial Corp.	\$30,451	1.5%	63.9%	\$31,134	1.6%	44.8%	\$33,230	1.8%	71.1%
Progressive Corp.	\$30,318	1.5%	58.3%	\$24,679	1.2%	50.5%	\$15,321	0.8%	54.9%
Westfield Insurance	\$26,679	1.3%	64.8%	\$25,542	1.3%	41.7%	\$24,063	1.3%	62.6%
Grange Insurance	\$20,116	1.0%	51.2%	\$16,510	0.8%	41.1%	\$16,093	0.9%	54.2%
Hartford Financial Services	\$17,790	0.9%	40.0%	\$17,989	0.9%	39.1%	\$19,358	1.0%	57.0%
MetLife Inc.	\$17,684	0.9%	47.5%	\$17,871	0.9%	47.5%	\$18,571	1.0%	50.4%
Universal Insurance Holdings Inc.	\$16,679	0.8%	87.6%	\$13,328	0.7%	95.4%	\$9,316	0.5%	70.4%
Pekin Insurance	\$16,004	0.8%	59.1%	\$16,328	0.8%	42.3%	\$16,625	0.9%	61.1%
State Auto Insurance Companies	\$15,627	0.8%	53.0%	\$14,040	0.7%	22.0%	\$13,555	0.7%	38.4%
Hanover Insurance Group	\$14,788	0.7%	54.6%	\$15,402	0.8%	55.3%	\$14,406	0.8%	50.3%
Western Reserve Group	\$14,584	0.7%	49.4%	\$14,528	0.7%	42.5%	\$15,077	0.8%	78.1%
West Bend Mutual Insurance Co.	\$14,017	0.7%	45.9%	\$12,827	0.6%	40.7%	\$11,245	0.6%	68.3%
Hastings Mutual Insurance Co.	\$13,501	0.7%	50.8%	\$14,450	0.7%	28.9%	\$14,684	0.8%	43.3%
Chubb Ltd.	\$12,920	0.6%	55.8%	\$12,110	0.6%	54.5%	\$11,978	0.6%	88.1%
Shelter Insurance	\$12,742	0.6%	45.9%	\$12,640	0.6%	50.5%	\$13,074	0.7%	55.8%
Auto Club Insurance Assn. (Michigan)	\$11,831	0.6%	68.8%	\$11,629	0.6%	50.4%	\$11,121	0.6%	32.2%
Munich Re/American Modern Ins Group	\$11,645	0.6%	45.9%	\$11,556	0.6%	32.4%	\$11,175	0.6%	38.5%
CSAA Insurance Exchange (NorCal)	\$11,359	0.6%	32.6%	\$12,962	0.7%	49.3%	\$14,985	0.8%	44.6%
Statewide Totals	\$2,070,585		57.9%	\$1,990,281		47.5%	\$1,903,996		57.6%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

State Market Focus: INDIANA

Continued from Page 4

est home insurer in Indiana. With a 22.8% increase in premium last year it grew faster than all but one other home insurer with more than \$10 million in statewide premium. That was **Universal Insurance Holdings**, whose 25.1% increase in homeowners premium catapulted the company to No. 19 last year from No. 24 in 2018.

The easing of catastrophe losses has helped to drive the downward pressure on homeowners insurance rates, despite Indiana's reputation as a state susceptible to severe storms, including flooding, tornadoes and hail. According to the **National Insurance Crime Bureau**, Indiana ranked ninth in the country with 2% of U.S. hail losses between 2017 and 2019, though most were in 2017. There were 18,404 hail loss claims filed in the state in 2019, compared to 14,852 in 2018 and 30,636 in 2017.

The derecho that swept through the Midwest and into Indiana last week illustrated that insurers also face exposure to storms akin to inland

hurricanes.

Incurred loss ratios in the past few years have been in the 40s and 50s. Last year's 57.9% loss ratio was the highest since 2013, when it was 60.5%. The calm contrasts sharply with the storms of prior years: The statewide homeowners loss ratios was at or above 75% in four out of five years between 2008 and 2012, bookended by highs of 90.5% (2008) and 86.8% (2012). The only reprieve was a 50.6% loss ratio in 2010.

Long-term profits in the state have been consistent with the national average, coming in at 6.9% in the decade that ended in 2018, making Indiana the 29th best state.

As in other states prone to wind and hail losses, insurers in Indiana have been reconfiguring policies with different options for roof coverage. Some policies might limit older roofs to actual cash value coverage, while others use a schedule that reduce coverage as a roof ages. Customers that want replacement cost coverage

Please see INDIANA on Page 6

Indiana												
Property Insurance Profit Margins												
10-Year Summary, % of Direct Premiums Earned, With National Averages												
Line of Business	2018 Total Profit	2017 Total Profit	2016 Total Profit	2015 Total Profit	2014 Total Profit	2013 Total Profit	2012 Total Profit	2011 Total Profit	2010 Total Profit	2009 Total Profit	Avg Total Profit	
State Homeowner	20.8	10.4	12.2	18.8	12.4	7.0	-15.8	-7.1	14.2	-3.4	6.9	
Nat'l Homeowner	-2.0	-2.6	11.8	14.0	13.9	16.5	8.1	-3.8	7.2	5.7	6.9	
State Fire	28.3	28.8	31.1	40.0	27.7	30.9	26.3	24.1	30.9	23.9	29.2	
Nat'l Fire	4.8	4.7	11.0	24.2	21.4	26.9	24.7	24.8	27.6	24.5	20.2	
State Comm MP	16.2	14.9	11.3	18.2	8.9	8.7	1.2	-3.2	15.1	2.5	9.4	
Nat'l Comm MP	4.1	0.6	9.8	14.5	12.4	14.9	9.0	4.1	13.2	11.0	9.4	
State Allied	31.0	27.5	23.2	-0.5	23.7	-8.9	-79.9	16.6	36.7	8.9	7.8	
Nat'l Allied	2.2	-37.6	10.6	19.2	15.7	6.3	-19.4	5.7	28.5	21.2	5.2	

Note: Profit calculations are by *Property Insurance Report* using data from the National Association of Insurance Commissioners. Calculations are estimates, some based on national averages.

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

State Market Focus: INDIANA

Continued from Page 5

can opt to pay more for it. More insurers are also using drones or other forms of aerial surveillance to cost-effectively inspect more homes.

Overall, premium growth is slow in Indiana. Homeowners premiums grew 4% in 2019, compared with the national growth of 5.4%. The Indianapolis metropolitan area is something of a shining star in a Rust Belt state whose population grew just 3.8% since 2010, compared with the 6.3% national average. “A wealth of homes is being built and bought and sold, especially in the Indianapolis area, north of Indianapolis,” an insurance executive said. “There’s been a huge boom in the last year, and it’s continued even with the current environment.”

Bob Buckel, vice president of homeowners product management at **Erie Insurance**, de-

scribed the appeal of the Indiana homeowners market as well as the ways in which carriers can try to stake out a competitive advantage.

“It’s a really good market for us because it’s not real susceptible to natural disasters,” he said. “It’s got a real great mixture of rural and urban areas,” as well as suburban areas.

After raising rates more than most competitors in 2015 and 2016, Erie has lowered rates more than the rest of the top 10 with a cumulative average 5.5% reduction since the start of 2019, according to filings captured by RateWatch through early August. Erie is the sixth-largest homeowners group, writing 5.7% of premiums.

Buckel said another way his company stays competitive is by providing replacement cost coverage for roofs at a time when a number of

Please see INDIANA on Page 7

Indiana

Commercial Multiperil Nonliability Insurers Groups Ranked by 2019 Premiums Written (000)

Group Name	2019 Premiums	Mkt share	Loss Ratio
Cincinnati Financial Corp.	\$46,212	8.1%	44.8%
Liberty Mutual	\$39,491	6.9%	85.9%
Travelers Companies Inc.	\$38,318	6.7%	65.0%
Auto-Owners Insurance	\$30,050	5.3%	57.7%
Chubb Ltd.	\$27,261	4.8%	43.5%
Erie Insurance Group	\$27,075	4.8%	59.5%
Indiana Farm Bureau	\$25,524	4.5%	73.0%
Indiana Farmers Mutual Insurance Co.	\$22,150	3.9%	81.5%
American International Group	\$21,453	3.8%	79.5%
Nationwide Mutual Group	\$19,349	3.4%	80.4%
State Farm Mutual	\$15,706	2.8%	73.9%
Hartford Financial Services	\$14,554	2.6%	53.5%
Tokio Marine Group/PURE	\$14,051	2.5%	37.7%
Hanover Insurance Group	\$13,247	2.3%	150.4%
Westfield Insurance	\$10,889	1.9%	78.5%
CNA Financial Corp.	\$9,379	1.7%	57.6%
Allstate Corp.	\$9,130	1.6%	49.8%
Brotherhood Mutual Ins Co.	\$9,078	1.6%	55.1%
Statewide Totals	\$569,270		66.7%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Indiana

Fire Insurers Groups Ranked by 2019 Premiums Written (000)

Group Name	2019 Premiums	Mkt share	Loss Ratio
American International Group	\$36,293	13.6%	40.5%
Auto-Owners Insurance	\$21,221	8.0%	42.9%
FM Global	\$15,963	6.0%	43.9%
Travelers Companies Inc.	\$14,854	5.6%	50.7%
Zurich Insurance Group	\$12,497	4.7%	32.2%
Berkshire Hathaway Inc.	\$12,442	4.7%	27.5%
Farmers Insurance	\$10,332	3.9%	49.3%
Liberty Mutual	\$10,309	3.9%	46.7%
Allianz Group	\$9,273	3.5%	-34.9%
Selective Insurance Group	\$8,003	3.0%	11.0%
Munich Re	\$6,824	2.6%	32.8%
AXA SA	\$5,721	2.2%	12.8%
Cincinnati Financial Corp.	\$5,153	1.9%	-0.9%
State Auto Insurance Companies	\$4,999	1.9%	36.8%
Alleghany Corp.	\$4,460	1.7%	112.4%
West Bend Mutual Insurance Co.	\$4,191	1.6%	89.9%
Assurant	\$4,112	1.5%	67.1%
Swiss Re	\$4,072	1.5%	32.0%
Statewide Totals	\$266,270		37.3%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

State Market Focus: INDIANA

Continued from Page 6

other carriers have been limiting coverage.

“We think it’s a big opportunity for us to let people know that we offer full roof replacement coverage,” he said. Doing so, however, “puts extra pressure on us,” to manage claims costs “so we can maintain competitive pricing as well,” he said. Likewise, the company is working to reduce its expense ratio to keep rates competitive.

Buckel also emphasized Erie’s long-term relationships with independent agents and new product features, like equipment breakdown coverage, coverage for underground service lines and criminal defense reimbursement in cases where a homeowner is prosecuted – and acquitted – for actions against a home invader.

In addition to risk from storms, southern Indiana has earthquake exposure from the Wabash Valley Seismic Zone and the New Madrid Seismic Zone. Indiana was the 11th-largest earthquake insurance market with \$40.9 million in premium last year.

Homeowners insurance is relatively affordable in Indiana. The 2017 average premium of

\$1,000 was 33rd highest in the U.S. While that was lower than the \$1,211 countrywide average, Indiana homeowners are paying, on average, for less coverage. (See table below) On our HURT Index, which compares premium to income as an indicator of affordability, Indiana ranks 25th.

The word “stable” was among the first used by insurers and lobbyists describing Indiana. For example, **Marty Wood**, president of the **Insurance Institute of Indiana**, said, “Indiana is a pretty stable state when it comes to public policy with regards to insurance.”

Several years ago, there was some friction with the **Indiana Department of Insurance**, which was being hard on requests for modest rate increases. Discussions led to an understanding about what regulators expect from companies. “Since the middle of 2017 up until now, things have been a lot smoother,” Wood said.

An insurance executive described the Insurance Department, under the leadership of Commissioner **Stephen Robertson**, as easy to work with and “amenable to innovation and new products we put on the market.” [PIR](#)

Indiana 2017 Insured Home Values (HO3 Policy Form)

Home Value	Indiana	National Average
<\$50K	0.3%	0.2%
\$50-75K	1.0%	0.4%
\$75-100K	3.2%	1.4%
\$100-125K	7.7%	3.8%
\$125-150K	11.3%	6.4%
\$150-175K	13.3%	8.8%
\$175-200K	12.7%	9.5%
\$200-300K	31.9%	32.8%
\$300-400K	11.0%	18.2%
\$400-500K	3.5%	8.1%
>\$500K	3.8%	9.8%
Total exposures	1,151,027	48,523,436

Source: NAIC, *Property Insurance Report*

Indiana

Allied Lines Insurers Groups Ranked by 2019 Premiums Written (000)

Group Name	2019 Premiums	Mkt share	Loss Ratio
FM Global	\$28,148	15.2%	61.4%
Travelers Companies Inc.	\$16,253	8.8%	129.2%
Assurant	\$9,520	5.1%	42.3%
Zurich Insurance Group	\$9,231	5.0%	38.8%
American International Group	\$8,386	4.5%	239.3%
Selective Insurance Group Inc.	\$8,269	4.5%	127.6%
Chubb Ltd.	\$8,134	4.4%	6.2%
West Bend Mutual Insurance Co.	\$7,868	4.2%	38.6%
EMC Insurance Companies	\$4,973	2.7%	46.7%
Sompo Holdings Inc.	\$4,854	2.6%	21.3%
Munich Re	\$4,338	2.3%	57.1%
Statewide Totals	\$185,763		66.2%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.
Loss ratio = incurred losses/direct premium earned and does not include dividends or loss adjustment expense.

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

QUOTES *Continued from Page 3*

sets of data to buy based on the property location, Harris said.

“Do you really need to know, in this day and age, which of the 43 kinds of gargoyle arms the person has when, in fact, loss by theft is maybe 5% of the premium on a big single-family home in the suburbs?” he said.

The algorithm typically pulls free data from public sources like the **U.S. Census Bureau’s** website as a starting point, and then buys from a combination of big data vendors commonly used in the industry for credit and complementary credit info, as well as aerial data. It also analyzes policyholder auto claims for property quotes in states that allow it. The instant quote allows the agent to focus on customizing the coverage and advising the policyholder, he said. Openly aims to offer premium coverage similar in spirit to

To keep data costs under control, insurers may first draw from free sources, and then selectively buy more information.

what high net worth insurers offer to the super affluent, including guaranteed replacement costs up to \$5 million on every home, open perils contents coverage, high blanket limits, cyber coverage, equipment breakdown services and earthquake coverage, among others.

Openly’s distribution differs from earlier startups like Hippo, now in 22 states, but the motivation behind instant bindable quotes is largely similar – insurers need to improve the customer experience. Hippo, which sells direct online, added a call-center sales force in Austin, **Texas**, to guide customers seeking consultation.

“No matter how much education we give them in a tutorial online, they still want to talk to a professional,” said Gulla, at Hippo “We’ve given them that option.”

In addition to using technology to make the shopping and sales experience quicker and eas-

ier, Hippo expects to minimize claims through an ongoing relationship that offers free or discounted smart-home devices and services, like preventive maintenance for water heaters and HVAC systems. Gulla compares the home maintenance strategy to changing a car’s oil every 3,000 miles.

Hippo prefills as much of the application as possible with verifiable third-party data, and advertises a quote in 60 seconds. The online quote engine guides the customer through a series of questions, and allows the user to verify or correct certain prefilled property information. Customers then choose from three coverage packages that can be customized within certain parameters to avoid under- or over-insuring. Depending on how long it takes the customer to go through the process, the policy can be bound in a few minutes, Gulla said. Hippo looks to use as much data as possible to ensure accuracy, he said, so that any change in price is made at renewal, rather than post-bind underwriting.

Hippo manages data acquisition costs by pulling free information first, he said, using a cloud-based policy management system that it built in-house. Its system aggregates data from multiple sources. For example, aerial imagery can provide the footprint of the house and whether it is one or two stories tall. That information is cross-referenced with real estate multiple listing service records, as well as county records and data from consumer-facing real estate websites like **Zillow**. Better underwriting performance justifies the data acquisition costs, he said.

When a quoting system pulls from several sources at once, it can use data from inexpensive providers that may lack name recognition by cross-referencing the information to prove



Mike Gulla
Hippo

Please see QUOTES on Page 9

QUOTES *Continued from Page 8*

its accuracy, he said. Cloud-based systems that have API connections allow an insurer to easily integrate with multiple data providers rather than building out a custom integration with one.

Gullo said startups often receive more favorable pricing for data than legacy insurers with older systems because they can connect easily with a vendor's API without requiring a great deal of overhead or support. Vendors Hippo works with include Zillow, Arturo, **TransUnion** and Verisk.

Both Verisk and LexisNexis have multiplied the number of data products for instant homeowners quoting in recent years, providing more granular information than ever about properties and policyholders.

In addition to its well-known wildfire risk score and claims database, Verisk offers a point-of-quote indicator that shows if a prospective policyholder has a claims history and signals whether to order detailed reports. Other products provide a score to capture each location's risk of river, surface and storm surge flooding, and a database that populates up to 68 address-specific property characteristics from multiple sources, including public records data, real estate data, underwriting and claims estimates, and topographical data. Verisk also provides information about property condition and roof age through **BuildFax**, a company it purchased in 2019.

In addition to property data, information about policyholders has become more robust, helping to produce more accurate quotes. LexisNexis has several recent products that stack complementary data on top of the traditional credit-based insurance score to provide a richer portrait of the customer, said senior director **George Hosfield**.

These include information not collected by credit bureaus, such as how long someone has lived in their home, insurance premium payment history, criminal convictions, tenant-landlord disputes and bankruptcies. LexisNexis began of-

fering the complementary credit attributes in 2017, and it released a single score option last month to make the information more accessible to insurers that don't enter individual attributes into their own models.

Placing more weight on policyholder characteristics at the initial quote allows the insurer to be more forgiving with often imperfect property data provided by the policyholder that feeds the replacement cost calculator.

Even with more accurate property data, many of the biggest mainstream carriers are unwilling to offer a quote without asking the customer to validate the data and answer questions about



George Hosfield
LexisNexis

Scrappy insurance upstarts are more willing to risk binding a policy on automatic prefills.

– George Hosfield

their property, Hosfield said. Scrappy insurance upstarts are more willing to take the risk and bind based on automatic prefills, he said.

Instant quoting has also raised interest in the LexisNexis Current Carrier Property database, which provides a customer's current policy information like premium and deductible amounts, so that insurers offering a quote don't dramatically over- or underprice outside of what the customer is currently paying.

"We launched it back when everybody said they were ready to automate their home quoting process, and then nobody really did," Hosfield said. "Now that people actually are, there's a whole new level of enthusiasm and excitement about that. Because they have to understand what they're quoting. They're not just quoting a house. They're quoting a consumer and they're quoting the overall policyholder's profile." **PIR**

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.

ISAIAS Continued from Page 1

KCC's estimate includes privately insured wind and storm surge damage to residential, commercial, and industrial properties and automobiles. It does not include National Flood Insurance Program losses.

The Category 1 hurricane made landfall in the U.S. near Ocean Island Beach, **North Carolina**, with 85 mph sustained winds. Hurricanes typically weaken after making landfall, but a stronger-than-usual jet stream resulted in a much slower decay rate, according to KCC.

(Not even a week later, a 5.1 magnitude earthquake struck North Carolina near the **Virginia** border. See story at right.)

The hurricane downed trees and power lines, dumped rain across the East Coast and spawned tornadoes that caused further damage. At least 12 people were reported dead, including those crushed by fallen trees, drowned in flooding or caught by tornadoes. High winds caused damage from **South Carolina** to **Vermont**.

Isaias caused more power outages in the New York City area than any storm other than Superstorm Sandy in 2012.

Before making landfall in North Carolina, the storms caused about \$200 million in damage in the Caribbean, including Puerto Rico. Isaias hit some of the same areas in the Bahamas devastated by Hurricane Dorian last year.

Hurricane Hanna, the first hurricane of the 2020 season to make landfall in the U.S., caused an estimated \$350 million in insured losses, not including NFIP, according to KCC. The Category 1 hurricane made landfall with 90 mph maximum sustained winds on Padre Island, **Texas**, on July 25.

Swiss Re estimated that global insured property losses from disasters in the first half of 2020 reached \$31 billion, up from \$23 billion a year earlier. Natural catastrophes accounted for \$28 billion. Severe convective storms caused more than \$21 billion in insured losses in North America, the highest since the first half of 2011. **PIR**

PROPERTY INSURANCE REPORT

Established 1994

Brian P. Sullivan, Editor

(949) 443-0330

bpsullivan@riskinformation.com

Leslie Werstein Hann, Managing Editor

(908) 310-7129

leslie@hannwriting.com

Ed McMenamain, Senior Editor

(217) 201-3956

edm@riskinformation.com

Elaine Silvestrini, Contributing Writer

Subscription Information: 949-443-0330

www.riskinformation.com

Property Insurance Report, © 2020, published bi-weekly, 24 times a year, by Risk Information Inc., 33765 Magellan Isle, Dana Point, CA 92629. ISSN: 1084-2950. It is a violation of federal law to reproduce or transmit or any part of this publication without first obtaining permission from the Publisher.

Subscription Rate: \$847 per year by mail, or contact the Editor for information on enterprise-wide electronic delivery.

An Eastern Earthquake Reminder

Last week's 5.1 earthquake in **North Carolina** provided yet another reminder of the potential for East Coast temblors. In 2019 there was \$13.7 million in earthquake insurance premium in the state. With this experience, premium written will probably rise. The 2011 earthquake in **Virginia**, a 5.8, resulted in earthquake premium rising from \$11.2 million in 2010 to \$15.8 million in 2012 and \$25.0 million in 2019. **PIR**

North Carolina

Earthquake Insurers

Groups Ranked by 2019 Premiums Written (000)

Group Name	2019 Premiums	Mkt share	Loss Ratio
Sompo Holdings Inc.	\$1,751	12.8%	-2.5%
Travelers Companies Inc.	\$1,185	8.6%	-7.0%
AXA SA	\$967	7.0%	-15.8%
Allianz	\$847	6.2%	-0.5%
USAA Insurance Group	\$845	6.2%	-1.4%
Berkshire Hathaway Inc.	\$765	5.6%	-21.8%
Statewide Totals	\$13,738		-16.3%

Source: S&P Global Market Intelligence and the *Property Insurance Report* database.

Warning: **Property Insurance Report** is a confidential, copyrighted newsletter for subscribers only.

No part of this publication may be reproduced by any form or means, including photocopying, scanning, fax or email, without prior permission of the Publisher. For information call (949) 443-0330.