

How to Dry Out Non-Weather Water Claims

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Changing Perils are
not Isolated to
Climate Risk

01



Data Breadth and
Acquisition has
Evolved

02



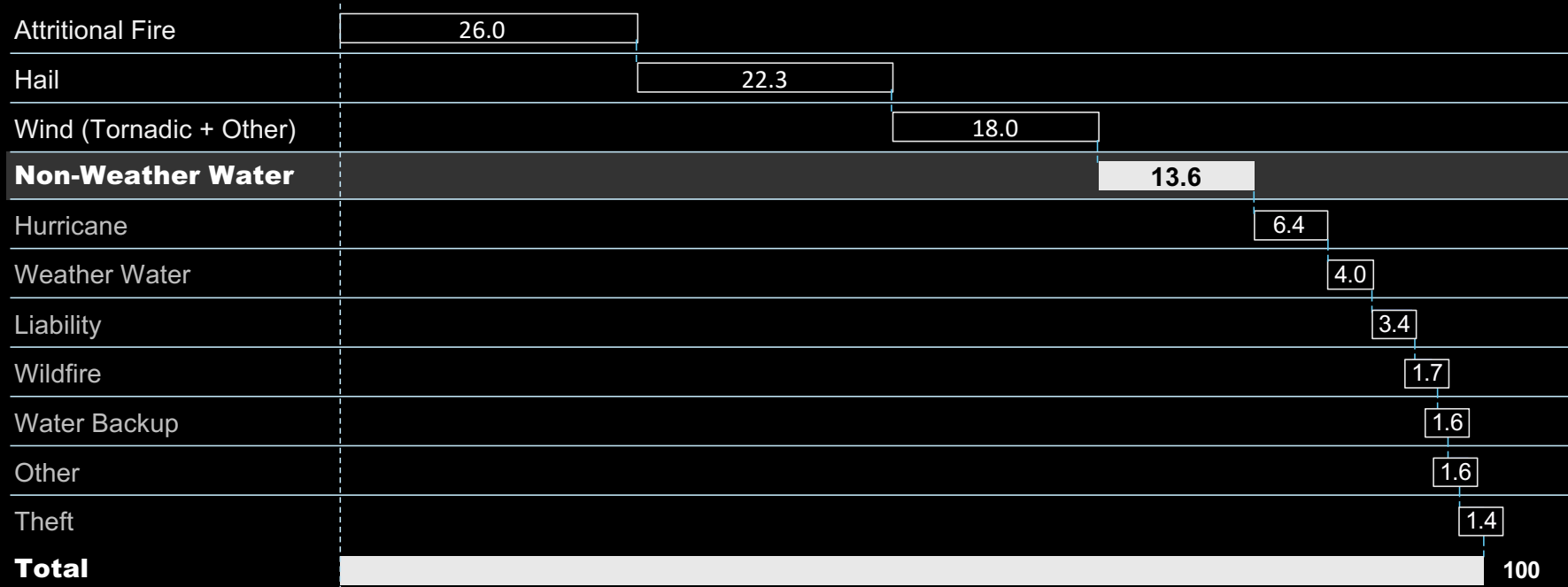
There are Tangible
Actions to Respond

03

Non-Weather Water is the #4 Homeowners Peril

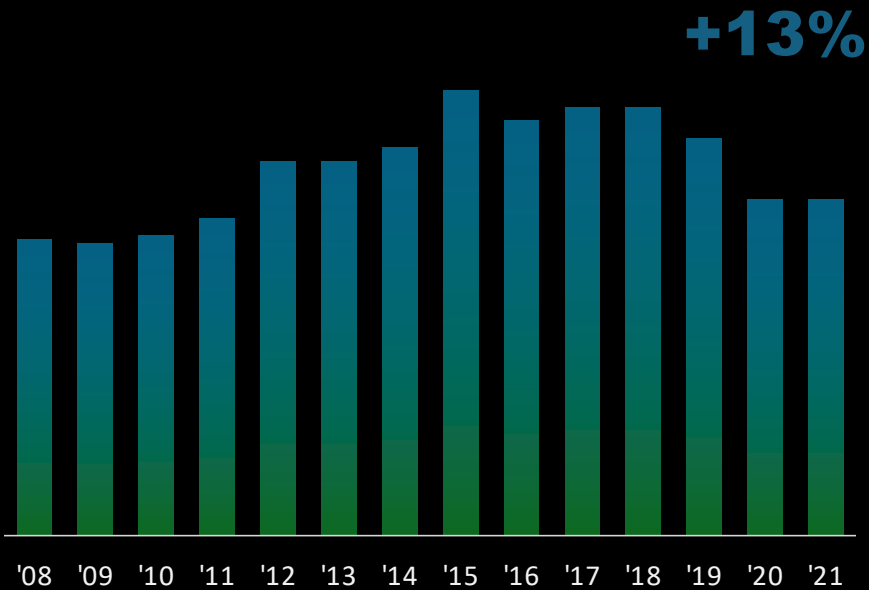
Base Rate Composition - % of Base Rate

By Peril Based On Public Filing of National Carriers

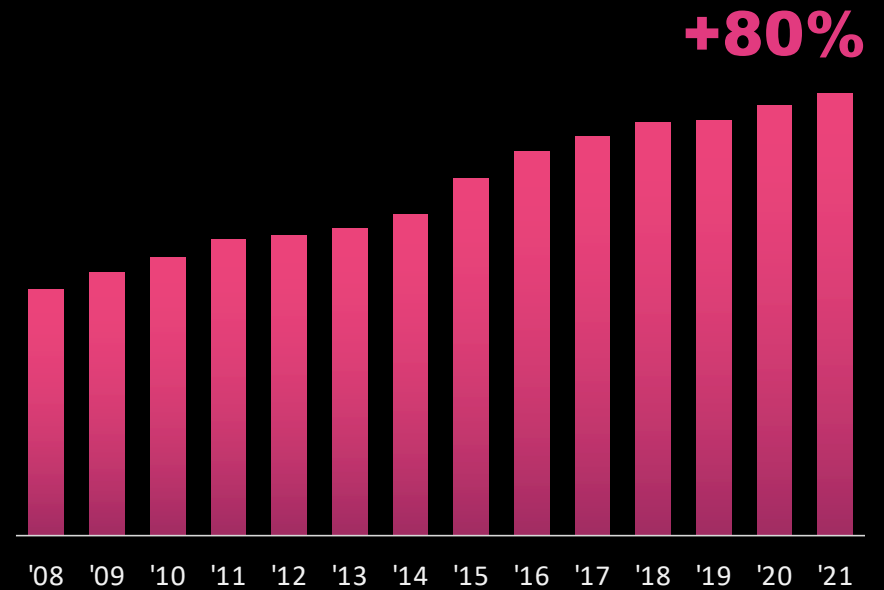


Non-Weather Water is the #4 Homeowners Peril

Non-Weather Water Claims
Per 100 Homes



Inflation-Adjusted Non-Weather
Water Claim Severity (In 2021 Dollars)

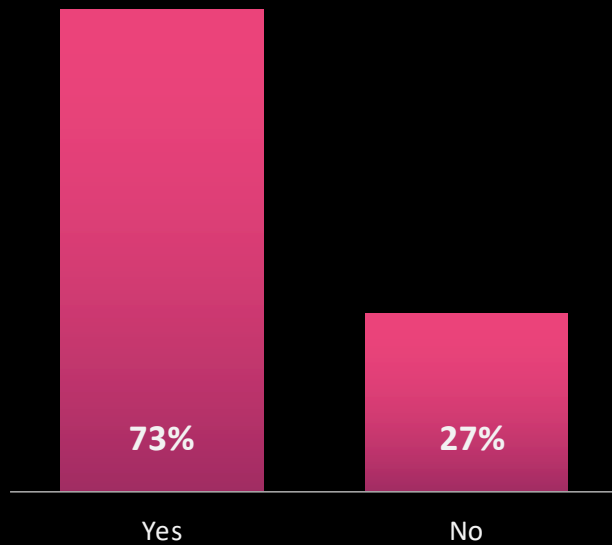


The Average Water Heater Is Nearing the End of Its Useful Life

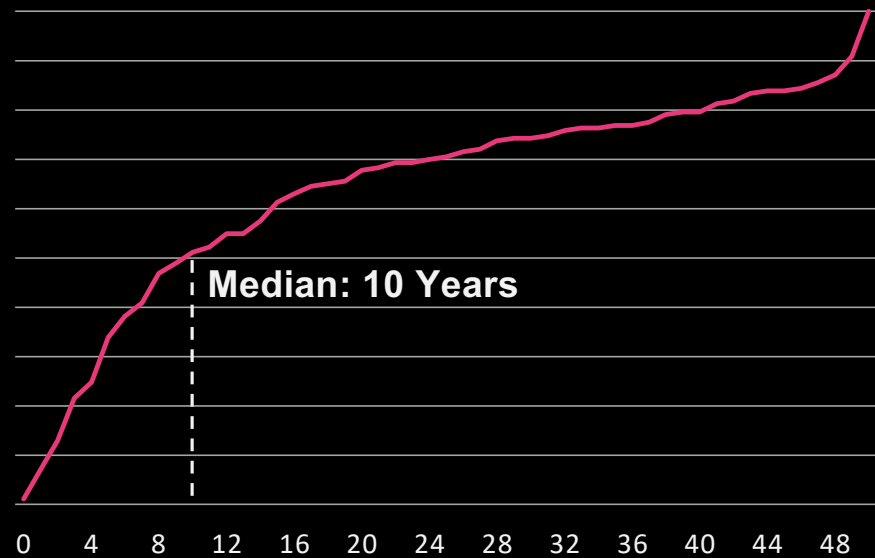
On average most
water heaters
last

8-12

Do you know when your water heater was most recently installed?



(If Yes) How old is your water heater?



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So we cut open a failed 8-year-old water heater





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**Over 200
Features
Evaluated**



Sound Hypothesis

Regulatory Compliance

Predictive Lift

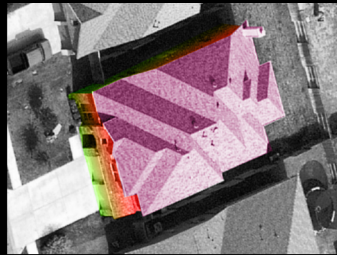
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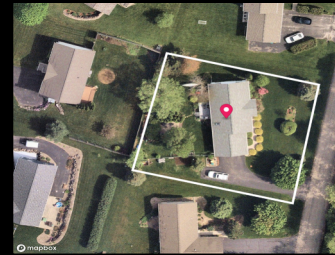
Understanding Non-Weather Water Risk from Imagery



Plumbing Complexity



Number of stories



Building density



Pools and hot tub



HVAC equipment



Maintenance score

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Creating Structured Data from Unique Sources



Home Listings



Building Permits



Tax Assessments

Property Profile Available at Quote:

Address: 1213 Frank, Manita, CA

Year Built: **2010**

Bathroom Count: **3**

Bathroom 1 Age: **14 years**

Bathroom 2 Age: **4 years**

Bathroom 3 Age: **3 years**

Kitchen Age: **3 years**

Laundry Location: **First Floor**

Open Floor Plan: **Yes**



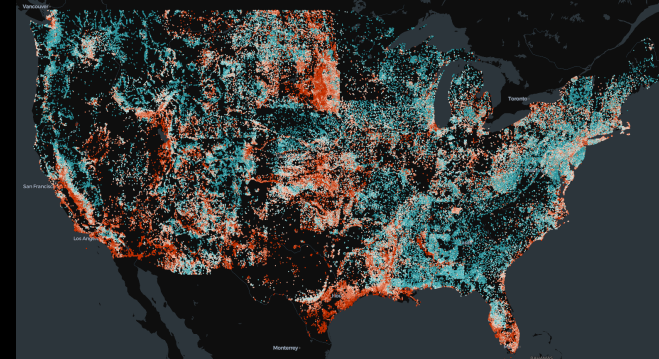
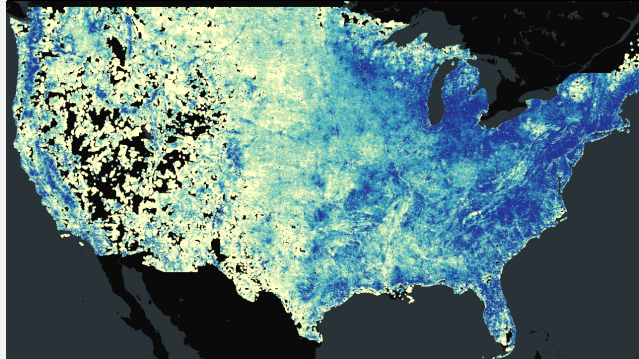
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Water quality, content, and service matter...

Calcium and Magnesium Deposits

Lead to pipe scaling, corrosion,
appliance failure, and water heater
failure



Water Supply



The **use of wells instead of publicly distributed water**, requires extra homeowner maintenance and results in more sediment in the water

The Utility District

Controls the maintenance of the water
system, including water pressure
variance, which can lead to stress on
pipes within the home





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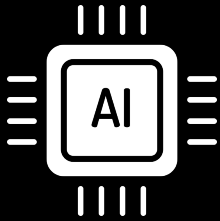
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AI-Based Risk Models

- Built using actual historic losses for both frequency and severity
- Property-specific Annual Average Loss (AAL)
- Granular feature-based risk segmentation
- Real-time data at the point of quote



**CLAIM
FREQUENCY**



**CLAIM
SEVERITY**

Moving Beyond Territory Risk Assessments

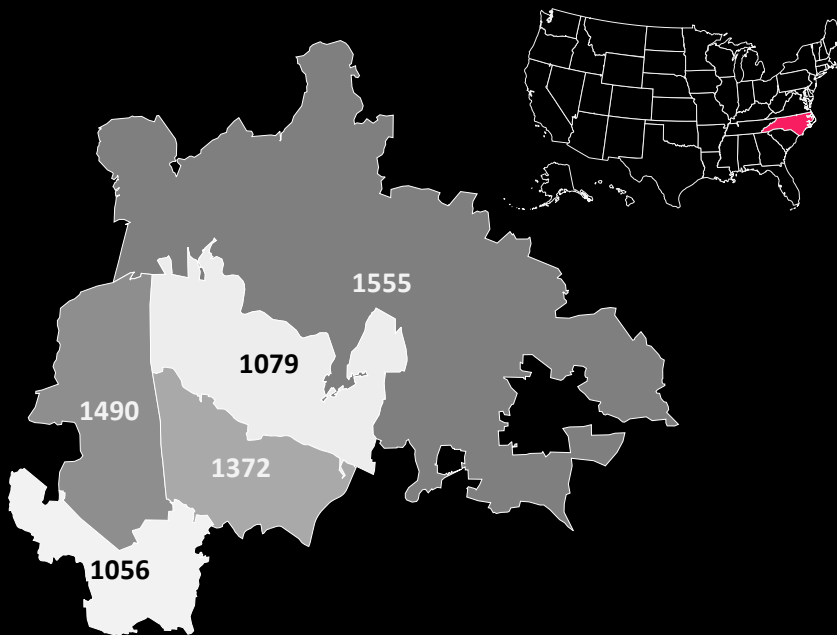


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Carrier Case Study

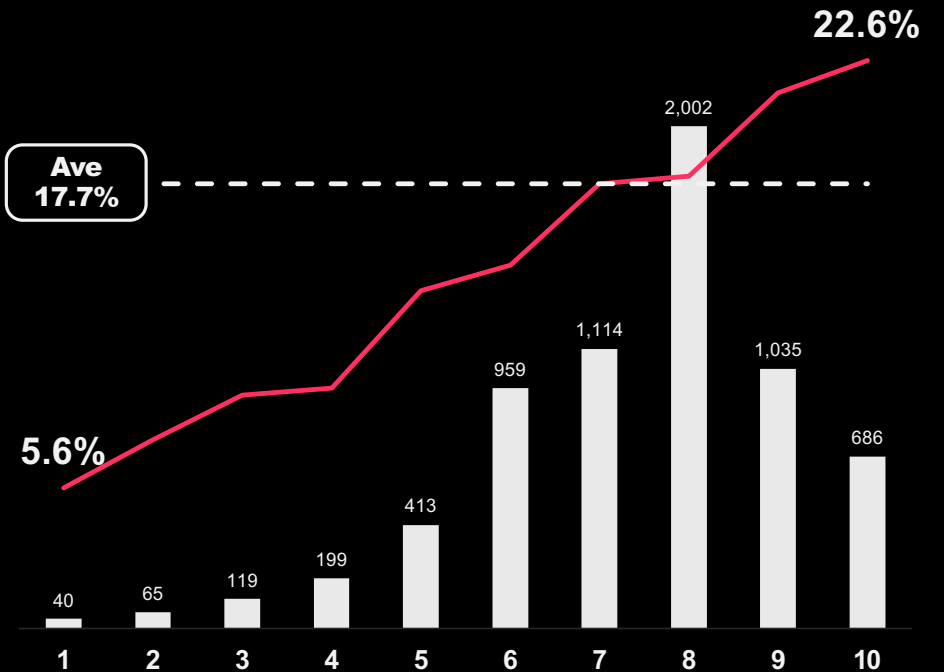
3 years of loss history examined
for ~6,500 records and ~\$2M in
non-weather water losses

North Carolina Carrier Territory
Records Per Territory - Count



Loss Ratio by Risk Score

n = ~6,500

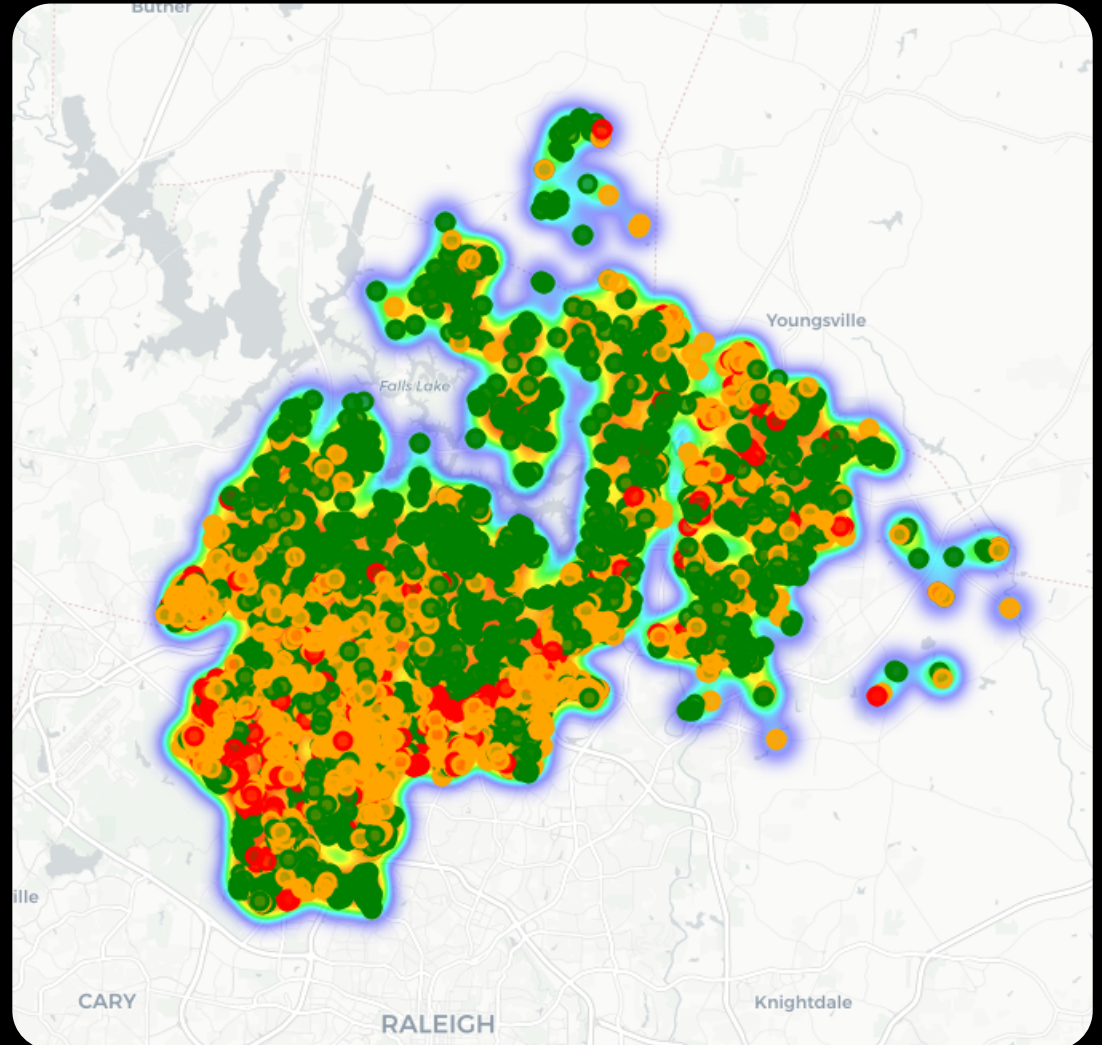


Loss Ratio

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Carrier Case Study

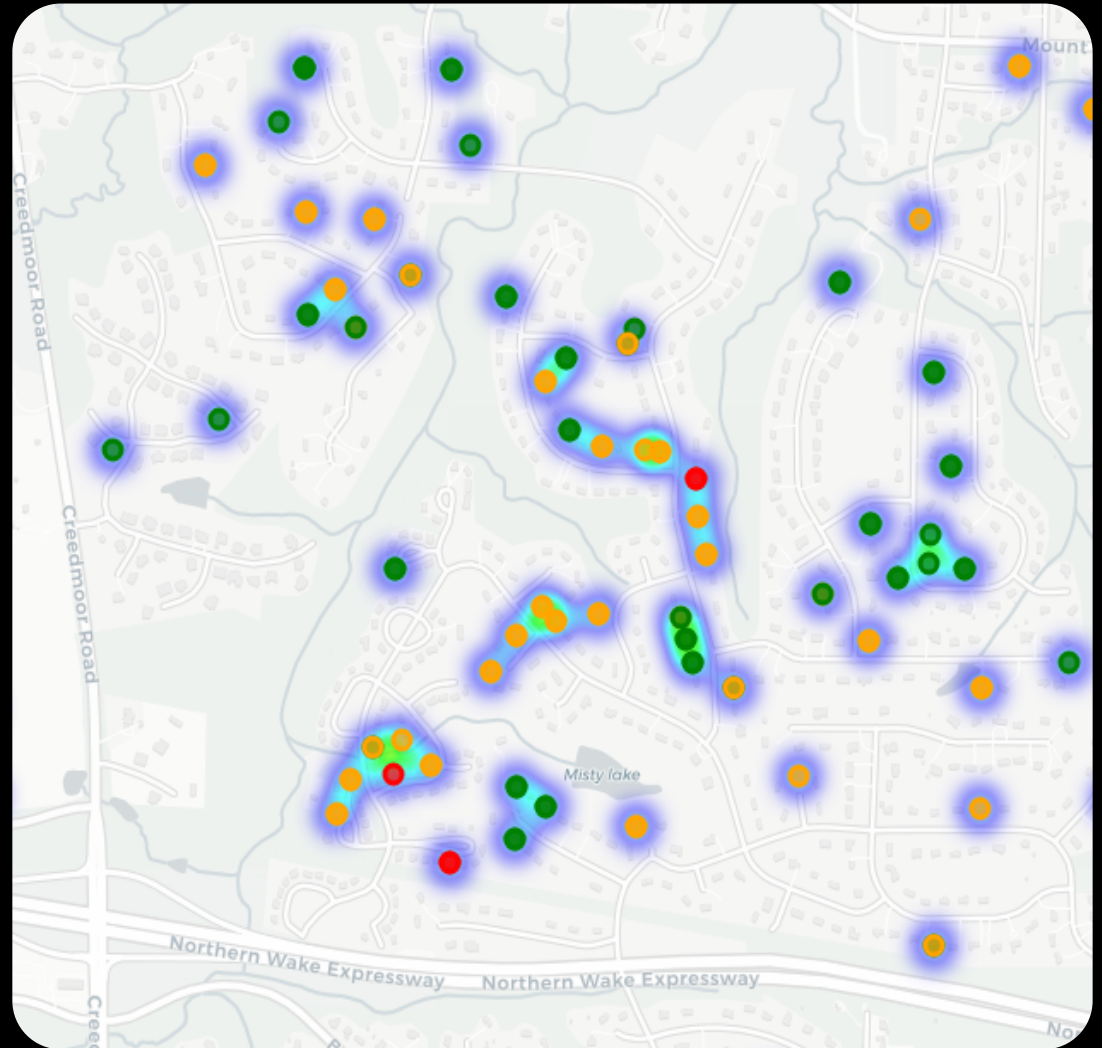
Historic carrier territory with the same rating factor **now shows a diverse range of risk**



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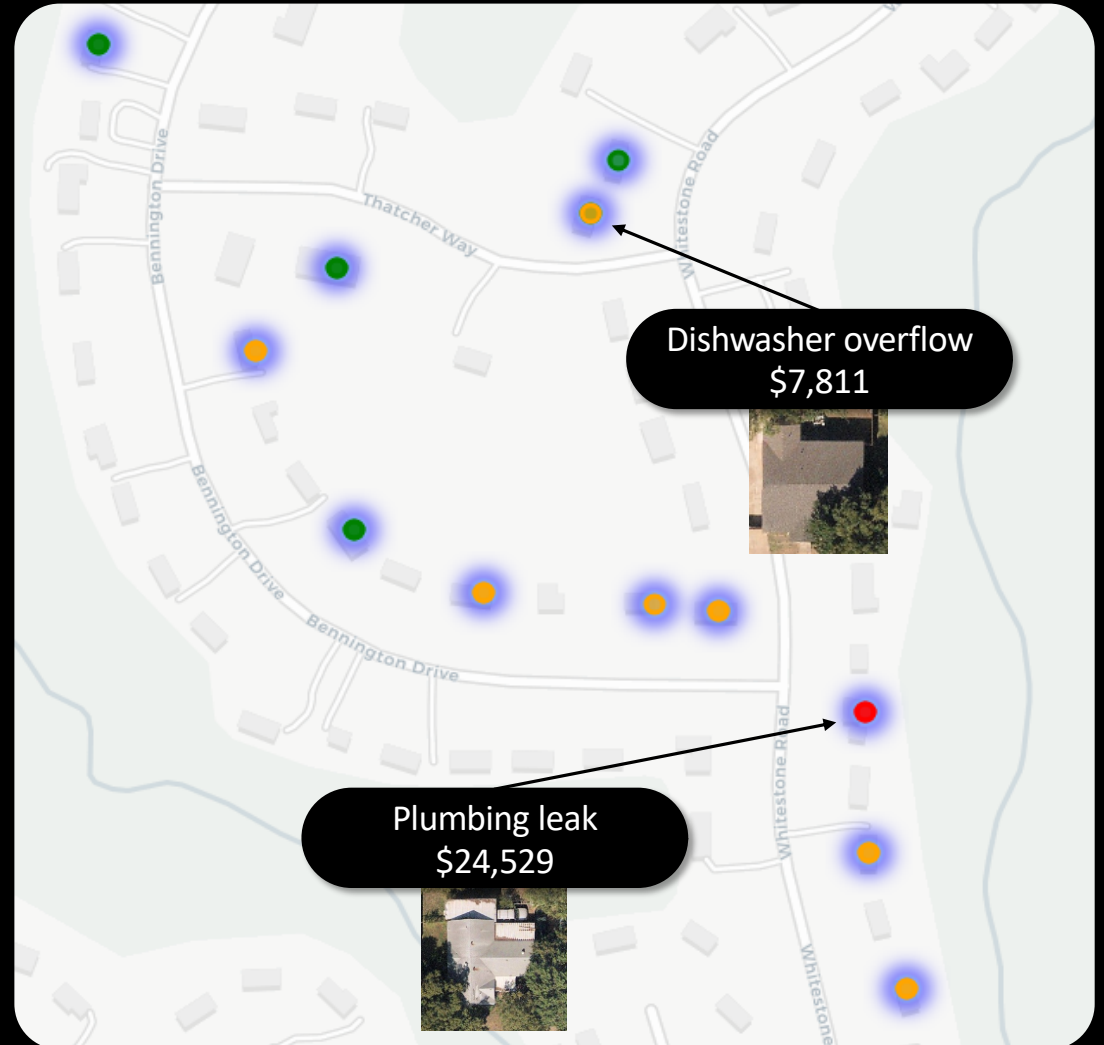
Carrier Case Study

The model
segments risk
based on
individual
property
characteristics



Carrier Case Study

Territory losses ranged from as little as \$170 and at highs exceeded \$120K



Taking Action Based on This Information

Business Objectives



Define new
business underwriting
and eligibility



Enhance Risk
Selection



Rating:
Pricing Based
on Water Risk



Improve
Product Fit



Allocate
Inspections



Deploy Sensors &
Devices





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Thank you