

As we find ourselves in month nine of this worldwide pandemic, analytics have perhaps never held a more prominent position and greater share of the public's eye. We are now regularly seeing the results of effective handling, organization, and implementation of big data in order to generate important messages that can be interpreted and easily understood by a global audience. Gathering accurate data on a county, state, and country level is no easy feat, but it is all critical in order to be able to show where we were, where we are, and where we are heading (past, present and future state).

Sample COVID-19 analytics

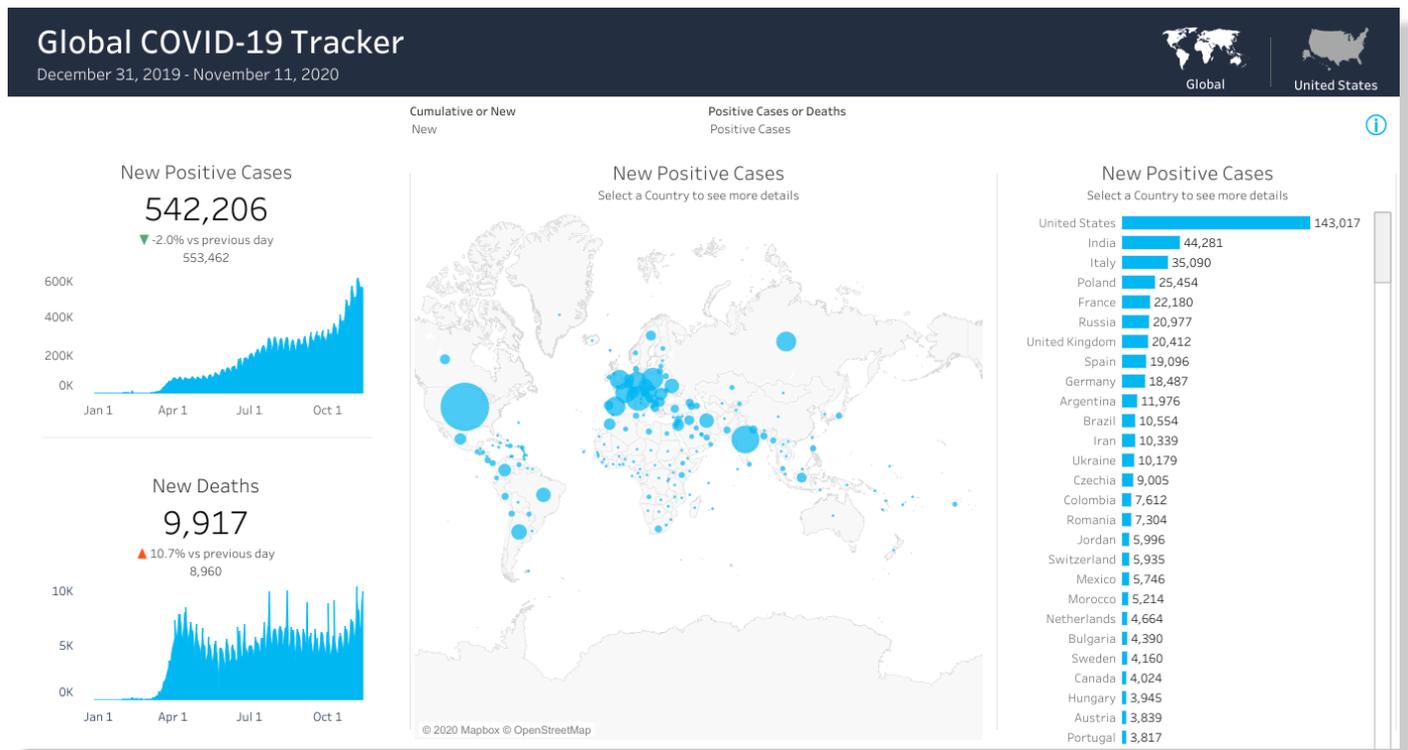


Table: public.tableau.com/profile/covid.19.data.resource.hub#!/vizhome/COVID-19Cases_15840488375320/COVID-19GlobalView

Similar discipline applies to the usage of analytics in the aviation insurance industry.

Last month's *Piiq Perspective* centered on the importance of partnership. Three of the key elements cited in order to maintain a successful partnership were trust, understanding, and communication. These words hold true and apply equally from an analytics perspective to the client, insurer, and broker. Each must be able to trust in data accuracy/sufficiency and understand the others' priorities and needs.

The need to evolve insurance analytics

The insurance industry has historically been a slow adopter of new methods and technology. Because of this, the industry was ready for the change that has come with the current emergence of new InsurTech and FinTech start-ups.

The use of technology and analytics presents the opportunity for reduced costs, increased customer retention, improved pricing, differentiation in the market, deeper insights into risk, along with other upside possibilities. However, digital transformation offers significant challenges for many organizations. There are hurdles such as: legacy systems, disparate data sources, inadequate software, insufficient discipline around data collection,

absence of organizational buy-in, and the sheer size and complexity of an enterprise.

“The power of analytics will maximize insurance capacity, optimize structure, minimize cost and drive efficiency.”

Bruce Fine
Managing Partner

We have a dual challenge in the form of the current hard market-cycle creating upward pressure on pricing combined with the massive effect of COVID-19. Client revenues are being reduced just as cash requirements are increasing.

The Piiq^{IQ} solution

The objective of our proprietary Piiq^{IQ} analytics platform is to utilize the data gathered in dynamic ways to provide solutions which empower our clients to make informed buying decisions.

1. We have made a business-wide commitment to embed analytics into our broking process
 - ✦ Impactful analytics are not possible without a discipline to collect reliable and sufficient data. An expanded data set, along with appropriate cleansing, organization, and consolidation will open the door to realizing new trends, themes, and messages for strategy development and submissions.
2. We have created a general framework focused on 4 core modules: **Exposures, Losses, Placement, and Modeling**
 - ✦ A unique dashboard for each module provides detailed summaries in a centralized location, enabling the broker team and client to protect financial interests, manage claims issues, and identify/confirm potential strategies when considering alternate program structures.
3. Focus on the creation of dynamic exhibits with reactive inputs
 - ✦ Innovation and the ability to be nimble during this hard market cycle and in the era of Covid-19 are paramount. One of the many unique features of our robust platform is that it is live, with user-friendly



self-service capabilities. The client and broker will both have the ability to model program structures on the fly, with loss volatility taken into account when examining program optimization.

4. Ongoing research & development

- ✦ Areas of opportunity will inevitably arise - our analytics platform will evolve over time, offering internal and external enhancements.

We have highlighted two case studies to underscore the role of analytics in the current market:

Case Study #1:

Profile: Global aviation services company with a relatively consistent loss pattern that has delivered a nearly break-even account result to the worldwide aviation insurance markets supporting the program on a ten-year historical basis.

Opportunity: Through the prolonged prevailing soft market conditions, premiums had been decreasing on the account while the average incurred loss picture was stable. The client recently implemented a number of significant internal risk mitigation measures expected to impact the frequency and severity of loss going forward.

Outcome: In collaboration with the client, we analyzed a range of program structures in order to optimize our placement strategy. Using advanced premium and loss volatility modeling, we renewed the program with a minor premium increase, allowing the client to focus on capital efficiency during the worldwide economic crisis caused by the pandemic.

Case Study #2:

Profile: Multinational aerospace company with a benign loss profile and measurably reduced aviation exposures.

Opportunity: Thoughtful communication on how the recovery is expected to impact the needs of the client and insured exposures to the market helped to reframe the conversation around the program in terms of expectations.

Outcome: We reviewed claim payout patterns and loss projections. We modeled a series of program structures and introduced a self-insured retention. The result is an optimized program structure aligned with client imperatives and a redefined relationship with the aviation insurance market.

While exhibits which jump off the page are necessary to capture a user's attention, our focus remains on clarity, messaging, and empowerment. After all, sleek-looking graphics carry little significance in the absence of a purpose. The "people" aspect of client servicing and broking will never be replaced by analytics, but for too long analytics have merely been an accessory to the overall process.

We will continue to see analytics play a larger role, not only in the renewal stage, but in ongoing discussions with both clients and insurers. In the end, we believe those who fully commit to utilizing data in order to leverage results and help their clients justify internal risk management purchasing decisions will be better positioned as we move forward into this uncertain future.

AUTHORS

BRIAN CARLSON

PARTNER

Brian Carlson is a Partner in the US, primarily focused on client services, client relations, and data analytics. Prior to joining Piiq in November 2019, Brian held the position of Vice President at Marsh, specializing as a placement specialist and client advisor in aviation and aerospace, while also managing Marsh's U.S. general aviation data analytics platform. In addition to servicing clients with complex aerospace risks, Brian provided client-focused multinational solutions and served as a client and colleague resource on emerging UAS exposures. He brought over 8 years of insurance claims experience prior to joining Marsh in 2014. Brian holds a bachelor's degree from the University of Illinois, and currently resides in Madison, Wisconsin.

M: (312) 285-4942 | **E:** brian.carlson@piigrp.com | Madison, WI

MIKE RAMINSKI

PARTNER, GLOBAL ANALYTICS LEADER

Mike joined Piiq Risk Partners in October 2019 to serve as Global Analytics Leader. Mike started his career as an analyst in Marsh's Aviation practice, where he created industry-leading analytics packages for the firm's largest aviation and aerospace clients. He then worked as a consulting actuary in the Marsh Risk Analytics practice. There, he developed models to advise clients' exposure to property, casualty, financial/professional, and specialty lines of coverage and to optimize their portfolio risk management strategy. Mike is an Associate of the Society of Actuaries (ASA), a Chartered Enterprise Risk Analyst (CERA), and a Certified Specialist in Predictive Analytics (CSPA). He earned a degree in Actuarial Science from the University of Illinois, and is now based in Austin, Texas.

M: (312) 480-5957 | **E:** mike.raminski@piigrp.com | Austin, TX

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PiiQ Risk Partners Inc at 222 West Adams St. Suite 1900, Chicago, IL 60606

374-1120