

Benefits

- **Increase lift:** Use non-obvious external data to increase the lift and predictive power of your insurance models.
- **Save time:** Streamline underwriting workflows with more accurate risk selection and automatic declines and referrals
- **Improve customer experiences:** Use prefills to enable a frictionless, consumer-like signup experience for business owners.

Features

- **Capture broad data:** Monitor risk factors that are specific to small businesses from 20+ data sources in real time.
- **Get granular insights:** Understand a company's overall risk score by modeling 165+ risk factors.
- **Optimize decision-making:** Use insights for better underwriting, pricing, marketing, and more.

Guidewire HazardHub Casualty

Evaluate small-business risk accurately and strategically.

Insurers are focused on the lucrative small-business market, but their challenge is to keep pace with rapid changes triggered by the pandemic. They need Guidewire HazardHub Casualty, a data-listening tool that collects, curates, and analyzes the vast universe of information about small businesses on the internet.

Keep Pace with Rapid Changes to Small Business

Small-business insurance is a lucrative and growing market for insurers. Its growth has exploded in past years, causing a spike in demand for insurance. Currently, approximately 500,000 businesses are started monthly in the United States,¹ with 48% of the nation's workforce now employed by small businesses.² As a sign this trend will continue, there was a 50% increase in the search term "business insurance" in 2020 versus 2019.³

However, insurers struggle to insure small businesses. This is largely due to the rapid changes shaping small businesses today. During the pandemic, 34% of small businesses closed and the rest had to pivot to stay alive.⁴ Restaurants became ghost kitchens while barbershops reduced their operating hours. Professional services closed their offices as their workers embarked on "the world's largest work-from-home-experiment."⁵ Insurers had a difficult time keeping up with changes to small businesses, especially when data was refreshed only once a year.

Further complicating matters is the dynamic nature of small-business insurance. This is a high-volume, low-touch model. Risk profiles provide little differentiation, acquisition costs are high, and premiums are low. At the same time, customers are sensitive to pricing and demand a fast, consumer-like purchasing experience.

How can insurers provide the seamless, consumer-like experience that customers demand, ensure accurate risk assessment for small businesses, and still realize their own business growth?

“We were very, very successful right out of the gate with our auto-predictive model in Guidewire. We turned around our loss ratio the first year by 15% to 20%. Since then, we’ve kept that loss ratio around 10%–15%.”

—Subhasis Mukherjee
Chief Strategy Officer and CIO
Pekin Insurance

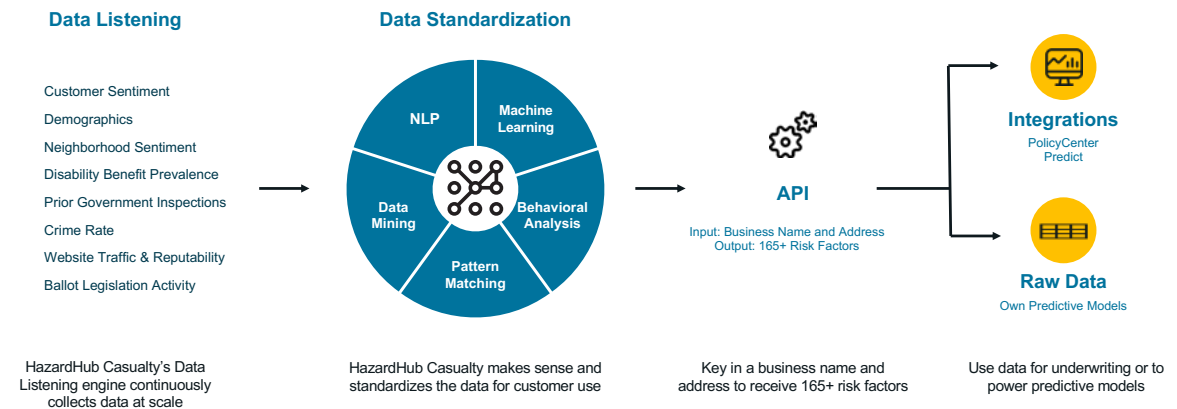
Introducing Guidewire HazardHub Casualty

Guidewire HazardHub Casualty is a data-listening product that collects, curates, and analyzes the vast universe of information about small businesses on the internet. Using a RESTful API, HazardHub Casualty models the data and gives you insights so that you can perform on-demand risk assessments of any small business in the United States.

Determine Small-Business Risk On-Demand

Once you enter a business name and address, HazardHub Casualty retrieves information about that business, including its legal climate, work environment, past issues, and business attributes. HazardHub Casualty makes sense of this data using statistical modeling based on artificial intelligence and machine learning to link a wealth of company data to proven impact on loss ratio. For your target business, you’ll get insights such as an overall risk rating, more than 165 risk factors, and peer comparisons.

You can use these insights to augment your underwriting, pricing, and marketing workflows. HazardHub Casualty is integrated with Guidewire PolicyCenter and Guidewire Predict. You can also plug our RESTful API into your insurance tooling.





Many small-business risks look the same on paper even if they carry completely different susceptibility to loss.

Uncover Risks Overlooked by Many Insurers

Many small-business risks look the same on paper even if they carry completely different susceptibility to loss. With HazardHub Casualty, you augment submissions with additional, non-obvious data to yield better underwriting triage and smarter risk selection.

For example, suppose you receive small-business insurance applications from two businesses: Grandview Hardware and Thompson Tools. The data above the blue box (in the following diagram) is the data you'll normally see on a small-business insurance application. You'll probably price these two policies similarly and approve both applications — after all, they're both hardware businesses in the same city with similar employee counts and payrolls.

However, when you run the same business names and addresses through HazardHub Casualty, you get hundreds of additional data points from commercial, government, geospatial, and property sources in real time. You can use this information to show the risk differentiation. For example, you may learn that one company has had past work violations, offers home delivery, and operates in a busy neighborhood, with the closest hospital four miles away. This is going to be a riskier business for your company to insure. You can use this new insight to improve underwriting and pricing decisions.

	Grandview Hardware	Thompson Tools		
Most Insurance Applications	Payroll	\$1.3M	\$1.1M	
	Employees	20	18	
	Claims in past 24 months	None	None	
	Liens or bankruptcies	None	None	
	Years in operation	15	22	
	Seasonal employees	None	None	
+ HazardHub Casualty	Past issues	None	Work violations	Workers' Comp
	Services provided	Key cutting	Home delivery, installs	
	Level of activity	Quiet	Very busy	Emp. Practices
	Lifestyle index	Healthy	Unhealthy	
	Nearest medical facility	0.5 miles	4 miles	
	Past issues	None	Wage violations	General Liability
	Area sentiment	Business-friendly	Labor-friendly	
	Company culture	Highly rated	Problematic	
	Past issues	None	Past violations	
	Legal climate	Standard	Adverse	
Business operations	Standard hours	Late hours, long shifts		
				
	Low Risk	High Risk		

Area Characteristic	Business Operations
Disability rate Elderly rate Single parent rate Youth rate Unemployment rate Crowded housing rate Institutionalized housing rate Multifamily dwelling rate Mobile home rate Car-free household rate	Web Traffic Web Popularity Web Visibility Commercial driving registration Fleet on file Drivers on file Vehicle mileage on file Average number of open hours Negative Consumer Reviews Hours of operation
Crime	Past Issues
Aggravated assault crime level Arson crime level Burglary crime level Homicide crime level Larceny crime level Motor vehicle theft crime level Property damage crime level Robbery crime level Sexual Assault crime level Violent crime level	BASIC violations Driver injuries Fatal motor vehicle accidents Hazardous materials violations High-severity traffic violations Motor vehicle violations Out-of-service records Tow-away violations Vehicle crashes Vehicle inspections
Legal Environment	Proximity
Litigation Keyword Ad Cost Litigation Keyword Ad Ranking Litigation Keyword Click Rate Litigation Keyword Total Spend Litigation Keyword Interest Legal Keyword Interest Attorney Density Attorney Wage, Median Attorneys per 1,000 jobs	Hazardous chemicals nearby Emergency medical services Fire stations nearby Gun retailers nearby Hospitals nearby Police stations nearby Urgent care facilities nearby Distance to medical service Distance to fire stationW
Sentiment	Social Security
Lack of Voter Participation Uniformity of voter opinions Ballot legislation activity Private industry Individual racial inequality Group-level racial inequality Workplace racial inequality Job inequality Business-friendliness Conservative policies	Disabled worker employment rate SSA benefits Retired worker benefits Disabled worker employment rate SSA benefits Retired worker

Augment Underwriting and Pricing with Rich Data

HazardHub Casualty pulls from more than 20 data sources to generate 8 data categories and 165+ risk factors. See the table on the left for a sampling of the risk factors. The HazardHub Casualty data-listening engine scours data across public, private, and proprietary sources at scale. Over a petabyte of external data is collected monthly, with 600+ available data points for testing. The data ranges across data-on-demand, non-obvious data, proprietary data, historical data, and peer benchmarking.

Use Cases Throughout the Insurance Lifecycle

You can use data and insights from HazardHub Casualty to enhance Workers' Comp, Employment Practices, and General Liability lines of businesses. Most customers use HazardHub Casualty data for prefill, risk selection, underwriting, processing, and pricing.

- **Prefill:** Pre-populate insurance applications for a better customer experience
- **Risk selection:** Guide coverage and quoting decisions to write more profitable business
- **Underwriting:** Notice data elements that point to red flags or that help you pick the best piece of business to pursue
- **Processing:** Automate referral and decline rules to lower acquisition costs
- **Pricing:** Add HazardHub Casualty data to pricing models to improve model lift

¹ "Business Formation Statistics," United States Census Bureau (September 9, 2021), <https://www.census.gov/econ/bfs/index.html>.

² "Economic Activity: Small businesses are an anchor of the US economy," JP Morgan Chase & Co., <https://www.jpmorganchase.com/institute/research/small-business/small-business-dashboard/economic-activity>.

³ Property & Casualty 360, <https://www.propertycasualty360.com/2021/02/23/surge-of-new-smb-spike-insurance-demand>

⁴ "Mapped: The State of Small Business Recovery in America," Visual Capitalist (April 28, 2021), <https://www.visualcapitalist.com/mapped-the-state-of-small-business-recovery-in-america/>.

⁵ Shelly Banjo et al., "The Coronavirus Outbreak Has Become the World's Largest Work-From-Home Experiment, Time (February 3, 2020), <https://time.com/5776660/coronavirus-work-from-home/>.

Guidewire is the platform P&C insurers trust to engage, innovate, and grow efficiently. We combine digital, core, analytics, and machine learning to deliver our platform as a cloud service. More than 500 insurers, from new ventures to the largest and most complex in the world, run on Guidewire. For more information, contact us at info@guidewire.com.