



2023 Year in Review

Underwriting

Letter from the CEO

Dear valued clients,

In 2023, the insurance industry remained as complex as ever.

In our post-pandemic world, carriers continue to contend with the pressures of climate change, inflation, advancing technology, and shifting lifestyles. While state legislatures slowed during the pandemic, 2023 saw their full return to business, resulting in one of our most impactful years yet.

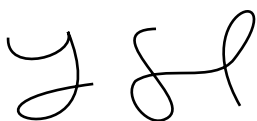
Here are some key highlights from 2023 showcasing our commitment to improving our engagement with you and the work we've undertaken to streamline processes, conserve your time and resources, and keep you well-informed as you develop strategic insurance programs tailored to your customers' needs:

- Monitoring and responding to legislative changes in tort reform, climate change, underwriting restrictions, data privacy, and cybersecurity that delivered content services
- Updating ISO's industry standard insurance programs, including businessowners, commercial auto, and upcoming general liability revisions
- Creating a more modern digital experience platform through our Reimagine initiative so you can build better insurance programs for your market needs

As the world evolves, we've continued to engage in conversations with our clients and lead expert conversations across the industry at conferences, panels, and roundtables, starting with last year's launch of the revamped Verisk Insurance Conference in Scottsdale, AZ. This gathering brought together professionals from various sectors including underwriting, catastrophe modeling, marketing, life insurance, reinsurance, and claims, with an aim of exploring how actionable data and analytics can enhance resilience and shape the future of insurance.

Additionally, we reintroduced our Core Lines User Conference in Columbus, Ohio, as a dedicated one-day event designed to help our customers make the most of their Verisk products and business solutions. After overwhelmingly positive feedback from attendees, we plan to continue hosting both these events in the future, and hope to see you there.

Finally, we'd like to thank you for your continued partnership. Your valuable feedback continues to guide and shape the direction of our products. We look forward to hearing more from you in 2024 and beyond.



Lee Shavel

President and Chief Executive Officer



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Connecting with you on issues that matter today

Our products are made to serve you. That's why we take special care to listen to what you have to say. While our experts track trends, analyze data, and build insurance policy programs, you're on the front lines – your feedback matters.

Here's how we collaborated in 2023:

2 Underwriting Council meetings

2 Commercial lines product roadmap sessions

2 Personal lines product roadmap sessions

5 Commercial lines panel meetings

3 Personal lines panel meetings

5 Actuarial panel meetings

2 Pre-panel planning sessions

5 Emerging issues roundtables and webinars

Your engaged industry partner

To make sure we're listening to your concerns, we participated 50+ industry events, including:

- AICP Annual Conference
- CPCU In2Risk
- CAS Spring, Reinsurance and Annual Meeting
- Farm Bureau Commercial Conference
- IDMA Annual Conference
- Insurtech Connect
- NAIC Fall Meeting
- NAMIC PL/CL and Annual Convention
- And more

We also hosted the Verisk Insurance Conference, Verisk Elevate, and Core Lines User Conference.

Your feedback directly influences our product development process, including enhancements and topics our Legal and Emerging Issues teams track.

We hope to hear more from you in 2024.

In-depth insights: Verisk's Core Lines User Conference returns

In September, Verisk's Core Lines User Conference returned for the first time since 2018 in Columbus, Ohio.

Our experts led 15 sessions designed to highlight crucial insights for insurers, based on Verisk's robust repository of forms, rules, and loss costs. With 37 companies attending from 14 states, it was our most successful event yet.



"This was our first time attending a Verisk User Conference and my entire team found it interesting and beneficial. There was a lot more in-depth information than we get at some other conferences. We would definitely attend future events!"

"It was so wonderful to be able to meet and interact with Verisk product folks! I saw features that are in process that I am extremely excited about. I was impressed that the Verisk folks were so willing to get feedback and interact with us. It was a great experience!"

"Fantastic conference overall!"

Topics included 2023 regulatory actions, an overview of our Emerging Issues research framework, major ISO Businessowners and General Liability program updates, electric vehicle trends, and more.

Our next user conference will be held in Orlando, Florida, in April. Stay tuned for details - we hope to see you there!

Our value to you, quantified.

At Verisk, we aim to be engaged partners who strive to stay one step ahead. Our experts work hard to help you save you time and give you the data to help you make informed decisions for your business.

Here's an overview of the work we did this year to help you identify opportunities, navigate risks, and find the right solutions, at the right time.

Tracked legislative, regulatory, and court activity to help you stay current:



Analyzed
approximately

14.8K

legislative bills



Analyzed
approximately

12.5K

regulatory actions



Reviewed on average
approximately

2K

court decisions per year

Filed ISO rules, forms, and loss costs to help you build a strong foundation:



Submitted
approximately

2K

filings



Issued
more than

700

pricing circulars



Revised or introduced
more than

730

policy forms

Processed more stat data, building on industry representative analytics:



Processed

17K

statistical submissions



Grew our statistical
database to

34.5B

records of customer data



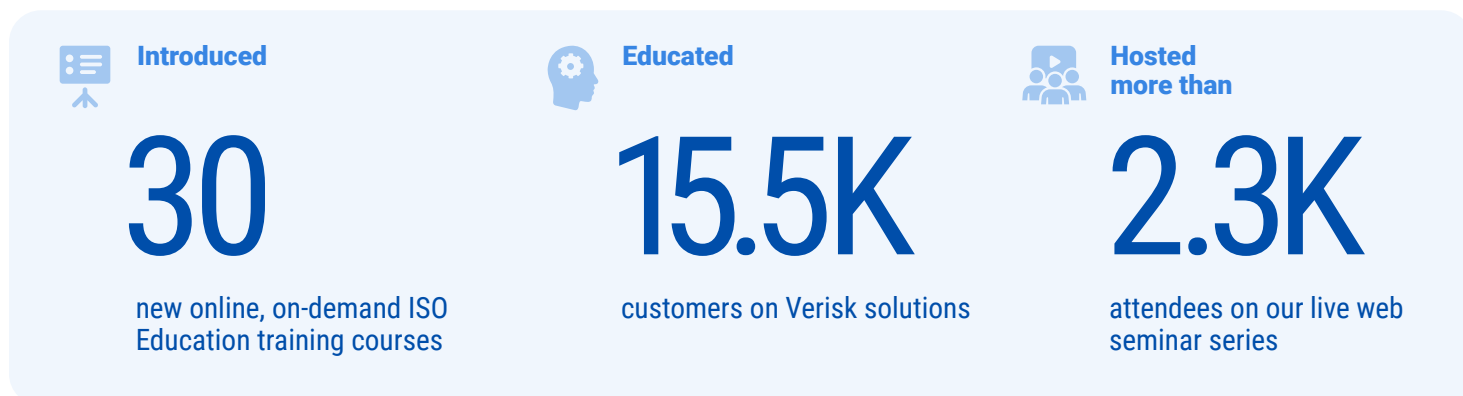
Processed
approximately

2.8B

statistical records



Educated insurance teams



And more...



Tracked

60

emerging issues



Visited
more than

10.6K

communities to assess fire
protection, building code
enforcement, community
flood protection



Updated
more than

7K

fire protection areas



Added

2

new personal auto
actuarial research
circulars



**Personal Auto Other
Than Collision (OTC)
Relativities Segmented
by Type of Loss and
Territory Type**



**Increase in Theft
of Hyundai and Kia
Vehicles**



Important updates to Core Lines Services

In 2023, we updated many of our insurance programs to address shifting exposures in the industry. Here are some of the highlights.

Updated classes, added granularity for ISO Businessowners

To help insurers achieve more refined pricing, we retired out-of-date classes and filed over 160 new classes with related pricing info. We introduced property and liability coverage options for cannabis to complement our existing exclusions and new optional endorsements to address abuse or molestation exposures.

Expanded PFAS exclusion endorsements to Businessowners and Commercial Auto

Continuing work to address growing concern for per- and polyfluoroalkyl substances (PFAS)—aka “forever chemicals”—exposures in commercial lines, we filed new multistate PFAS exclusion endorsements for our Businessowners and Commercial Auto programs.

Addressed commercial cyber and data privacy exposures

Unexpected cyber- and data privacy-related claims can cost businesses—and insurers—dearly. To help address evolving exposures, we submitted a multistate filing with new options for General Liability, Commercial Liability, Umbrella, and Businessowners programs.

Filed cannabis-related coverage, virus or bacteria exclusion for commercial inland marine

We introduced two updates to the ISO Commercial Inland Marine program. For greater flexibility in addressing exposures, we filed an optional cannabis coverage endorsement. To reinforce the intent of coverage for inland marine policies, we introduced a virus or bacteria exclusionary endorsement.

Uninsured/underinsured motorists (UM/UIM) coverage

We’ve developed and have begun rolling out optional endorsements and related rating information for excess UM/UIM coverage under the ISO Personal Umbrella Program (PUP), providing a coverage option in states where excess UM/UIM is not currently required.



High-profile state filings

It was a high-impact year for insurance legislation. In 2023, we reviewed over 26% more legislation than the previous year, with 40% more filings as a result of legislation.

Here's how we responded to state changes in 2023:



Nevada – Introduced new liability defense costs within limits

Legislation passed in Nevada (2023 Nev. Stat.____former A.B. 398) that, generally, prohibited an insurer from issuing or renewing a policy of liability insurance that contains a provision that: (1) reduces the limit of liability stated in the policy by the costs of defense, legal costs and fees and other expenses for claims; or (2) otherwise limits the availability of coverage for the costs of defense, legal costs and fees and other expenses for claims.

In response to the new law, Verisk's ISO core lines team ("ISO") introduced various Nevada-specific general liability and home healthcare endorsements which generally addressed, in part, requirements regarding defense costs or expenses separate and outside the limits of insurance or liability, and state-specific declarations and applications which do not address defense costs or expenses within the Preambles.



Florida – Made 10 filings to address assignment of benefits law

Florida made substantial changes (2022 Fla. Laws Chs. 2022-271, formerly S.B. 2-A) to the assignment of benefits (AOB) insurance practice in Florida. An AOB generally allows policyholders to give third parties, like roofing contractors and water mitigation companies, the ability to file a claim, make repair decisions, and collect insurance payments from insurance companies on their behalf. But in the Florida market, some contractors reportedly inflated the cost of the claims, which then increased claim severity, which in turn affected premiums, ultimately increasing premiums for many Florida policyholders. Among other changes, this legislation addressed post-loss assignment of benefits.

In response to the new law, ISO found various levels of impact in homeowners, dwelling, businessowners, commercial property, farm, agricultural capital assets, capital assets, and commercial inland marine lines of business. This led to 10 separate filings, which were approved to become effective in late 2023.



Maine – Updated auto for new towing and storage costs coverage

A Maine law passed this year (2023 Me. Laws____,formerly S.B. 666) provides, in part, that "a motor vehicle liability policy issued for a motor vehicle registered or principally garaged in this State must provide coverage in an amount up to \$500 per accident for the reasonable towing and storage charges incurred as a result of an accident involving the insured vehicle if the vehicle is towed at the request of a law enforcement officer."

In response, ISO updated its commercial and personal auto forms and rules and introduced advisory prospective loss costs for the new coverage, while modifying the loss costs for the existing Towing and Labor Costs optional coverages.



California – New auto financial responsibility limits

California enacted 2022 Cal. Stat. __ (former California S.B. 1107) that increased the minimum auto financial responsibility limits in California for the first time in 56 years. In response, ISO submitted commercial and personal auto filings to reflect the new financial responsibility limits as required by the law.



Virginia – Updated homeowners and dwelling property forms, rules, and loss costs

In response to Virginia regulation around homeowners insurance policies, we submitted updated homeowners and dwelling property forms, rules, and loss costs for use in Virginia. These filings became effective at the end of the year and make available the latest ISO Homeowners and Dwelling Property programs for use in Virginia.



Texas – Revised and introduced endorsements for homeowners

To help insurers manage the exposure of exterior surfacing of homes - especially roof surfacing - we revised and introduced various endorsements to the ISO Homeowners Policy Program, featuring a new percentage-based loss settlement procedure for windstorm or hail losses to roof surfacing, and two new cosmetic damage exclusion endorsements, as well as other new endorsements.

To complement these endorsements, we introduced new rating factors for roof surfacing classification and cosmetic damage to roof and exterior surfacing. Additionally, rating factors for age of construction, amount of insurance, protection-construction, and other miscellaneous classifications were filed on an all-perils and by-peril basis, as applicable.

Coming in 2024

We're currently working on major program enhancements over the next year. Stay tuned for updates.

Sweeping overhaul of general liability classifications

To help insurers more accurately classify today's risks, we're enhancing the ISO General Liability classification system. Over 55 new classifications will help address emerging risks, such as electric vehicle charging, the gig economy, ransomware, e-sports, and 3D printing.

Commercial property deductible factor updates

We'll be filing changes to commercial property to update deductible factors and expand the range of supported deductibles. We expect to begin the filings in the first half of 2024 and continue filing these updates together with our loss cost reviews.

Commercial property territory indication methodology

We're revising our Basic Group II review methodology to more accurately measure the effects of non-hurricane losses on specific areas in a state. This refinement, expected to be rolled out in 2024, will be implemented within the commercial property loss cost review process.

Inland marine handbook enhancements

We're continuing to enhance our forms, rules and loss costs for four non-filed classes. We'll be introducing cannabis-related coverage options and a virus or bacteria exclusion, as well as additional coverage grants, enhanced endorsements, and new loss costs built into our manual. These enhancements to our product will help provide greater flexibility for coverage options and respond to the insurance coverage needs of insurers and their insureds.



Reimagine Core Lines Services: Setting the standard. Again.

In response to the challenges faced by our clients to reduce operating complexity and improve their speed to market, we are undertaking an extensive modernization of our core lines product. This “reimagine” of our forms, rules, loss costs and related solutions is designed to deliver increased value to our customers.

The Reimagine program will include significant enhancements to our existing solutions; new digital workflow tools, insights, and analytics; and an enhanced content delivery platform.

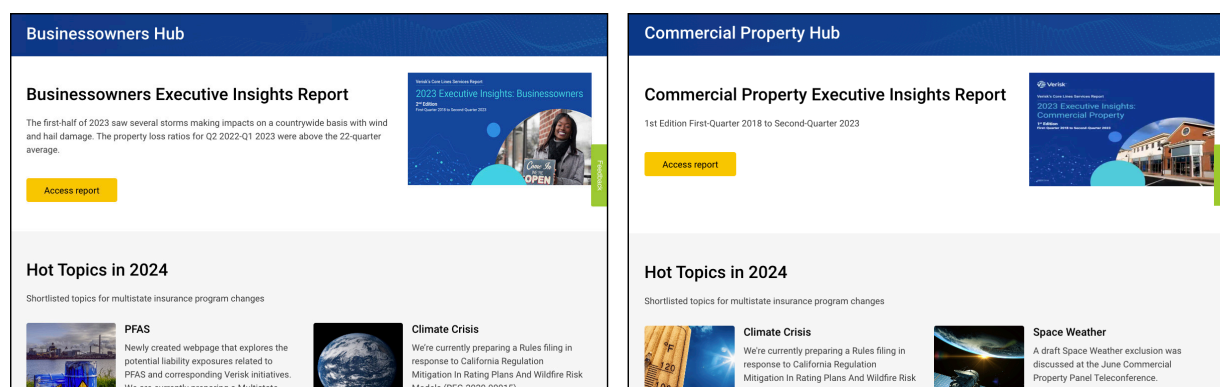
Here’s what we accomplished in 2023:

Core.verisk.com: A new home for Core Lines Services

To make Core Lines even easier to access, we’ve created the core.verisk.com web platform to be a one-stop-shop for individualized content, deeper insights, and Core Lines functions. Be sure to bookmark this page as your new gateway to ISOnet.

Line of business hubs

More easily find what you may need for your business with line of business hubs for businessowners, commercial property, commercial auto, general liability, homeowners, and personal auto. Easily find relevant topics, major projects, upcoming events, ISO activity, tools, insights, and more. Coming soon: cyber and actuarial hubs.



Emerging Issues insights

To provide insurers with enhanced access to market intelligence on more than 60 emerging risks, we introduced a new web platform for Verisk's Emerging Issues: core.verisk.com/ei. Our deep-dive research series on [generative AI](#) and [electric vehicles](#) can help insurers track the year's biggest trends and their potential insurance impacts. We hosted on-demand webinars, debuted audio articles, and launched a new interview series to highlight subject matter experts in areas such as pandemic disease.

Legislative Monitoring tool

Our visual, interactive Legislative Monitoring (LMON) tool helps track legislative, regulatory, and case law activity across the U.S. With search filters, expanded details, and access to related filings info, gathering intelligence for your business is even easier.

5 Executive Insights reports

Verisk's [Executive Insights reports](#) provide a snapshot of the state of insurance through the unique prism of Verisk's expert analysis and proprietary data based on aggregated information from billions of statistical records from insurers across the U.S. In 2023, we released five reports on homeowners, businessowners, and commercial property.

ERC™ Rating-as-a-Service: digital, automated, simple

Electronic Rating Content™ (ERC™) has already helped many insurers eliminate steps from the lengthy loss costs and rules update process with API delivery and available services such as prefill and rate impact analysis. Our new cloud-based solution, ERC Rating-as-a-Service (RaaS), aims to further simplify the process, saving time and costs.

What's next for Reimagine

The future of forms: fully digital forms management platform

Keeping up with regular policy form changes can be challenging – especially with manual legacy processes, lack of centralized storage, or software that lacks industry-specific search features. [Mozart Form Composer](#) will modernize the process of maintaining, tracking, and communicating form changes, making it faster and easier to build and maintain proprietary forms.

Leverage more statistical data with ISO Experience Index

Statistical reporting contains valuable data but may only occur once a year. The upcoming ISO Experience Index will be updated multiple times a year to help provide earlier indications of loss experience and drive actuarial analysis and decision-making without the frequency constraints of filed loss costs.

Additional enhancements

At Verisk, we believe in working smarter, not harder. That's why we took your feedback and made improvements for a better experience.

New web-based credentialing platform

Our Underwriting Services team introduced a new web-based credentialing process, reducing average process time for vetting new customers by over 50%, while maintaining accuracy and protecting critical data.

Enhanced Statistical Web Services (SWS)

For a better user experience, we've redesigned the SWS home page for better navigation, added delinquency to eliminate email notifications, provided edit tables for download, and improved on submission history search.

Creation of Credentialing Center of Excellence (COE)

We expanded our Credentialing COE process to include both underwriting and claims products. This provides a consistent experience, with a single point of credentialing for customers who wish to access PII or other sensitive info.

Added new lines of business to Consolidated Loss Costs Download (CLCD)

Verisk's Consolidated Loss Costs Download enables customers to download loss costs for multiple states in a line of business. In 2023, we added homeowners by-peril, commercial auto zone-rated loss costs, commercial inland marine, crime, medical professional, farm, and personal liability lines.



Verisk underwriting tools: improved data for your business

To assess and price risks with speed and accuracy, you need actionable data. To help insurers boost profitability and enhance customer experiences, we continue to improve our personal and commercial lines underwriting tools with powerful technology integrations.

Property solutions

Enhanced personal property data

Expanded Verisk's broad-use property dataset

Strategic data collection and analysis from personal and commercial property insurers brought in over 42 million records, forming a vital foundation for significant enhancements to our existing products, as well as the development and marketing of new offerings tailored specifically to insurer needs.

Added over 13 million permits to property history and condition data

Verisk's property history and condition data continues to provide a better understanding of risk and the evolution of risk over time - now with more permit insights than ever. In 2023, we added over 13 million new permits for a total of 300 million permits covering 83 million properties.

More than doubled pre-processed cache of aerial imagery analytics

Verisk pre-processed 199 million aerial imagery structure captures in 2023, bringing our database to 378 million total. This proactive extracting of analytics allows new, valuable insights such as roof condition to be delivered instantly for more scalable and timely use.

50+ roof and property data points from aerial imagery analytics

In 2023, we enhanced our existing roof condition score and roof material improving detection and accuracy. We've also released a new analytic that provides insight as to whether a property feature such as a pool, playground, or trampoline is fully or partially fenced.

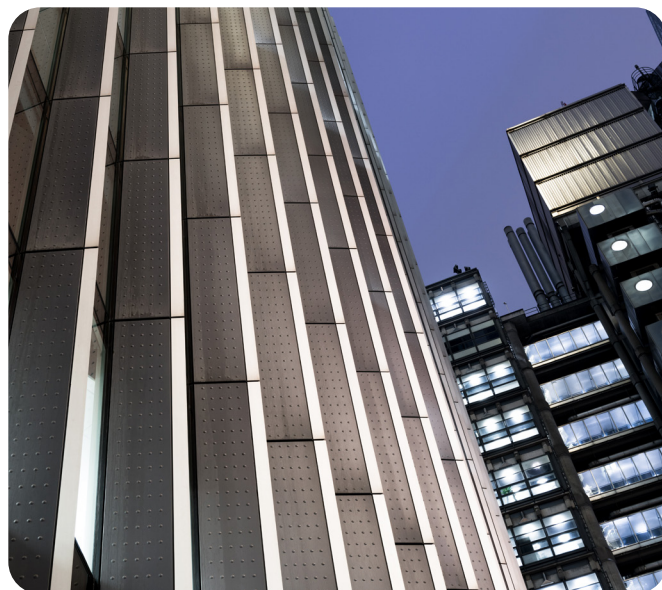
Modernized commercial property technology

Modernized field inspections with PinPoint data collection platform

Our new, fully integrated proprietary data collection platform, PinPoint, modernizes the commercial property inspection process by allowing field reps to collect data in the field directly into a form or report. With greater efficiency, more risks can be surveyed or resurveyed and you can make decisions faster for a better customer experience.

Accelerated validation of commercial property data with cutting-edge technology

Verisk commercial lines is refreshing and validating property data more frequently — helping insurers compete more confidently in the fast-paced commercial property market. Over the last 3 years, we improved the currency of 56% our commercial property surveyed data by leveraging innovative survey methods, including automatic validations with third party data, virtual technology with aerial images, and onsite exterior re-surveys..



Expanded wildfire solutions

FireLine® enhancements

We expanded enhancements for Verisk's wildfire risk assessment solution to 12 states beyond California. This will provide granular and customizable location- and structure-specific wildfire hazard and mitigation assessment using risk factors and mitigation information. FireLine® is driven by an active research program, including continuous updates to provide the most up-to-date view of wildfire hazard and mitigation.

Expanded collaboration with National Fire Protection Association® (NFPA)

Verisk has expanded its collaboration with the NFPA® beyond California to provide wildfire risk and mitigation data from its Firewise USA® recognition program to 12 additional states in the western U.S.

New report: Living with Wildfire

Verisk collaborated with the Insurance Institute of Business and Home Safety (IBHS) and the NFPA® to release a new report - Living with Wildfire. This report examines community vulnerability and wildfire readiness around the wildland-urban interface in 13 western U.S. states.

Refined 360Value® property replacement cost valuation tool

Market Expectations Index

To help insurers navigate the increasing complexity in the market, Verisk developed the Market Expectations Index for 360Value®. Combining extensive data sets with analytic expertise and econometric methods, the solution provides 3-, 6- and 12-month outlooks for residential and commercial structures, including confidence scores and indicators for five key components that provide early signals for reconstruction costs.

Property prefill confidence scores

To improve the underwriting process for insurers, agents, and their customers, Verisk added a new overall property prefill confidence score for residential and commercial properties. SmartSource® uses artificial intelligence to provide a score from 1-5 to help you determine reliable information per characteristic at a glance, empowering insurers to underwrite with confidence.

Commercial real estate imagery

We added a new configurable feature to 360Virtual Inspection in the commercial module to display commercial real estate images for the address entered. This will help insurers identify and confirm property features to improve the accuracy of coverage estimation without a traditional onsite inspection.

Commercial Schedule of Values (SOV) enhancements

We enhanced the user interface for commercial SOV imports in 360Virtual Inspection, allowing insurers to calculate the replacement cost for multiple buildings at a given address when there are multiple ProMetrix Risk IDs available for prefill. This will help improve hit rates and user experience.

Personal SmartSource aerial analytics prefill

We added additional Verisk Aerial prefill data to SmartSource. SmartSource analyzes the reliability of the data to provide improved fill rates and higher confidence scores for various property characteristics from solar panels to above ground pools.

Personal property valuations

The new personal property module calculates replacement cost estimates for renters, condos, and homeowners policies. Users can enter the address, select the dwelling type, and enter occupants by age to calculate and display the personal property estimated replacement cost.



Auto solutions

LightSpeed Auto processed 8x more transactions

LightSpeed Auto processed 8X more transactions in 2023, propelling industry growth by bringing data forward in the insurance quote flow to improve the quote to bind ratio and elevate the consumer experience. Within the LightSpeed Auto suite, Verisk's Coverage Verifier solution implemented new advancements in search-and-match algorithms to improve hit rates, enabling more policy matches. Additionally, Verisk's APLUS Auto claims solution was enhanced with public records to add 5%+ more chargeable incidents for use in underwriting and rating.

Public records intelligence database grew to 2 billion records

Verisk's public records database grew to 2 billion records in 2023, providing unique enhancements to Verisk's APLUS auto and Driving History solutions. With characteristics on more than 270 million driving-age individuals and 280 million registered vehicles, Verisk's analytics streamlined more than 1 million violation, accident, and criminal conviction types into insurance-ready codes for use in underwriting.

Coverage Verifier policy services helped distribute 1.1 billion insurance notices

Verisk's Coverage Verifier policy services streamlined operations for insurers by distributing 1.1 billion insurance notices and responding to 1 billion inbound inquiries from DMVs, law enforcement, and lienholders. Verisk manages the auto liability insurance for 1 in 4 U.S. vehicles on the road.

RISK:check Renewal helped improve rating integrity amid a hard market

As the P&C industry faced profitability challenges, Verisk's RISK:check Renewal solution analyzed 4.5 million auto policy renewals, conducted 2.1 million underwriting surveys, and helped recover an estimated \$168 million in premium leakage.



Small commercial solutions

Improved confidence for 5 core attributes in LightSpeed® Small Commercial

In 2023, we made it our goal to provide the highest confidence possible for the five core attributes needed for underwriting and quoting small business: NAICS code, SIC code, sales volume, employee count, and payroll. In 2023, we increased fill rates for all five attributes by 127% on average, helping customers accurately classify risks, reduce premium leakage, and stay within their risk appetite. With these data elements, insurers can effectively qualify and quantify risks for eligibility and more accurate premium computation.

Thank you for a great year!

Our collaboration drives our success. With your help, we continue to meet extraordinary obstacles head-on, leveraging leading-edge data analytics technology and deep expertise to help you make decisions that impact millions of lives.

We look forward to growing with you in 2024.



Have ideas for the new year?

Visit our new line of business hubs on core.verisk.com to contact our team. We'd love to hear from you!



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