

Rapid Portfolio Analysis

Winning Against Adverse Selection

The property and casualty market is over-supplied with excess capacity, and current pricing methods are inconsistent and outdated. This leads to a considerable level of adverse selection within nearly every portfolio. Almost every insurer is attracting customers who are underpriced and losing business where they are overpriced. This invisible effect only surfaces after evidence of slowly deteriorating portfolio loss ratios, resulting in premium increases across the portfolio. These across-the-board premium increases exacerbate the problem by overpricing the most profitable customers and driving them into the arms of competitors.

How does it work?

Detection: Is the portfolio priced correctly?

Talon employs a regression method based on a technological breakthrough. It exposes pricing imbalances by commonly employed rating methods including the GLM. These pricing imbalances are the major drivers of adverse selection.

Measurement: How is the portfolio trending?

Talon scores the two most important attributes of the portfolio: the adequacy of rates and the quality of the business on a progressive basis. In addition, Talon projects the financial outcome of business as it is written with startling accuracy. Insurers are able to know significantly in advance of trends in their business.

Correction: How to address the issues?

Talon provides an array of options for addressing any deterioration in the portfolio. These options range from specifically designed rate adjustments and underwriting strategies, to simple distribution management sales and profitability strategies.

Portfolio Monitoring

Policy Effective Period	Earned Exposure	Earned Premiums	Losses	Claims	Loss Ratios	Rate Level	Portfolio Score	Good Percent Exposure	Average Percent Exposure	Poor Percent Exposure
2001/Q1	35,900	\$11,918,029	\$9,340,199	462	78.37%	0.968	523	35.51%	41.86%	22.62%
2001/Q2	43,828	\$14,423,434	\$6,216,889	570	43.10%	0.959	532	38.99%	40.11%	20.90%
2001/Q3	43,883	\$14,317,681	\$9,396,107	486	65.63%	0.962	530	38.70%	39.17%	22.13%
2001/Q4	37,145	\$13,590,766	\$8,257,472	408	60.76%	0.97	524	36.83%	40.75%	22.42%
2007/Q1	37,989	\$21,200,710	\$9,342,857	359	44.07%	1.048	495	31.81%	35.59%	32.60%
2007/Q2	47,247	\$23,940,671	\$7,413,443	490	30.97%	1.042	502	33.42%	36.68%	29.90%
2007/Q3	40,984	\$20,473,565	\$8,208,414	383	40.09%	1.033	501	33.48%	35.73%	30.79%
2007/Q4	36,524	\$23,560,720	\$10,684,146	491	45.35%	1.076	492	31.52%	34.81%	33.67%
2008/Q1	40,671	\$21,959,902	\$7,190,574	371	32.74%	1.073	490	31.15%	34.21%	34.64%
2008/Q2	47,291	\$24,645,178	\$9,865,707	424	40.03%	1.055	501	33.11%	35.80%	31.09%
2008/Q3	38,289	\$18,831,701	\$4,134,801	321	21.96%	1.058	497	32.65%	34.69%	32.66%
2008/Q4	32,858	\$17,184,279	\$4,128,538	264	24.03%	1.075	489	30.50%	34.30%	35.21%
Total	1,211,762	\$595,065,402	\$232,385,615	12,986	39.05%	1	520	36.93%	38.76%	24.31%

Average Loss Ratio 26% 40% 53%

Predict the future loss ratio of the business being written - both renewals and new business

Distribution Monitoring



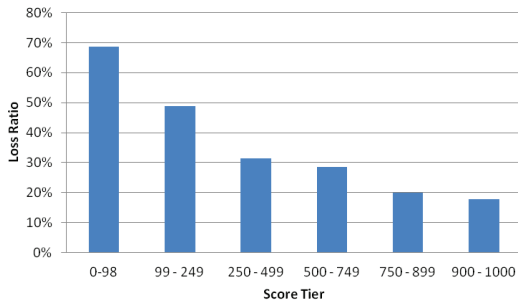
Constantly track the quality and performance of individual distribution outlets based on the underwriting score of each policy

Let EagleEye Analytics Build Your Portfolio Analysis Report

The report details your portfolio trends and identifies future unseen problems before they occur. The insight provided in the report exhibits what is actually going on in your portfolio. This likely includes adverse selection, impact of price changes with unintended consequences, and the emerging trends in the composition of the book. The analysis results not only reveal past trends, but also predict future impact.

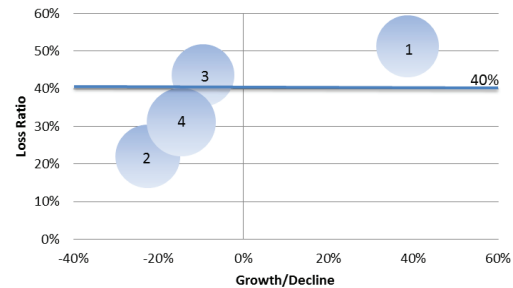
Talon detects, measures and presents actionable options to correct the effects of adverse selection within any P&C portfolio.

Underwriting Score



Discover the pricing imbalances within the portfolio. These imbalances are the main driver of the adverse selection

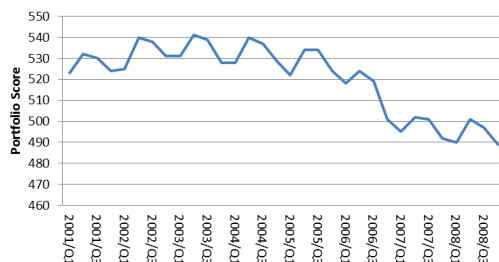
Trend and Loss Ratio



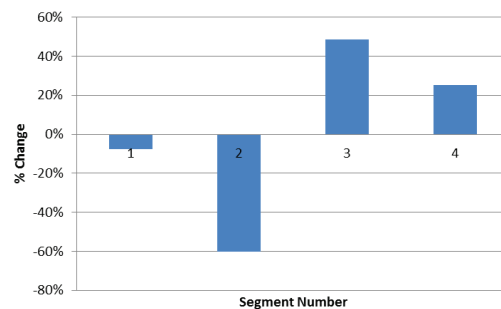
Show trends within the portfolio in real time covering premium adequacy and the quality of all business being written.

Report on detailed analyses including sales trend and profitability trends. This allows for a method of managing distribution channels while addressing pricing imbalances.

Portfolio Exposure



Premium Change



Through the use of these advanced analytics your company has the opportunity to future proof each of your portfolios.



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EagleEye Analytics provides breakthrough predictive analytics powered by machine learning and the latest statistical techniques, enabling property and casualty insurers to achieve superior performance.