

# Case study: Royal & SunAlliance

QAS Pro improves the  
accuracy of insurance  
premiums



## Royal & SunAlliance

Royal & SunAlliance is one of the world's leading multinational quoted insurance groups, with the capacity to write business in over 130 countries and with major operations in the UK, Scandinavia, Canada, Ireland, the Middle East and Latin America. Focusing on general insurance, it has around 21,000 employees and, in 2006, its net written premiums were £5.5bn. With an almost 300-year old heritage, Royal & SunAlliance is the oldest insurance company in the world still trading under its original name.



### Situation

In 2005, Royal & SunAlliance UK underwent a change programme to implement a new underwriting system. As part of this process, the company decided it was essential to take a geographic approach to the problem and integrate its geographic risk assessment tools within the new underwriting system. These tools enable the company to assess its exposure and manage risk for a range of perils such as floods, subsidence and crime and arson, down to an individual property location.

When the company went out to tender for a solution, the ability to generate location co-ordinates (Geocoding) at premise level for commercial and residential property was a vital component within the overall solution.

### Solution

In September 2005, after considering the various proposals received, the company chose a solution jointly proposed by Experian QAS, GIS Company ESRI (UK) and Ordnance Survey.

"This was a proposal coming from what we considered to be three organisations leading their respective fields," says Rob Osment, Technical Manager, Geographic Risks Assessment Unit, Broker Underwriting at Royal & SunAlliance. "It was considered in no way ambiguous and very clear deliverables were set out. We had real confidence in it."

The solution went live in April 2007. QAS Pro, a point of capture address validation tool is integrated into ESRI (UK)'s Locator Hub, a key component within the ESRI (UK) Insurance Platform. When an address is entered into the underwriting system, the address is validated using a combination of address datasets including Ordnance Survey ADDRESS-POINT via QAS Pro. The location co-ordinates are then used to automatically assess the level of risk for a number of perils, and the level of exposure for that particular location.

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Currently, the system is accessed by anyone using the new underwriting programme and is also available via a web-based application. The data is used to help determine the appropriate premium for any given property. Ultimately, Royal & SunAlliance plans to integrate the system with other underwriting platforms currently in use.

#### Results

When Royal & SunAlliance first introduced the peril risk assessment tools into the business, it found that rather than reducing the amount of business written in higher risk areas it actually enabled more business to be written. This is because the risks could be fully understood at an individual property level rather than at the more traditional postcode level.

By understanding perils at an individual property level, Royal & SunAlliance is able to charge an appropriate premium that reflects the risk that applies to that property. It also gives the company

visibility of what other business it has in that area, in order to avoid over-committing itself.

“The key thing is that it is industrial strength, and integrated in the underwriting system,” says Rob. “We can use it to check any new business written through the system, at the point at which we write it.”

According to Rob, the system is performing very well. He says: “It’s very fast. The performance exceeds our expectations. We specified a results turnaround of 2-3 seconds but we are currently seeing sub-second returns.”

#### Future plans

The solution is live for one underwriting system. Royal & SunAlliance is currently integrating the solution into a second underwriting system. After that, the company will scope out a programme to bring the rest of its underwriting systems on board.

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Rob Osment, Technical Manager, Geographic Risks Assessment Unit, Broker Underwriting, Royal & SunAlliance

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