

Building Risk Index

for risk-adequate pricing

Your challenge

Real estate is at the mercy of the forces of nature - fire, water, lightning, hail and also storm are insured perils in the residential building insurance. However, just under half of all damages are caused by tap water with an average cost of €2,700 per claim. Over the course of time, there has been a steady increase in these damages and related payments. The causes of the damages and their distribution within the building are manifold. The major risk in insuring a residential building therefore lies in the probability of a tap water damage due to the frequency of damages and costs.

Our solution

Arvato Financial Solutions' building risk index forecasts the risk of future benefit claims for residential buildings. With the help of various characteristics, the probability of occurrence of damage can be calculated and the buildings can be divided into individual risk classes.

With the help of this forecast, selective decisions for the conclusion of contracts and the tariff classification can be derived. The calculation is based on different variables, which ideally complement the internal data of insurance companies. The risk classification is available for buildings throughout Germany and can be used independently of the previous damage history.

Your advantages



Application of the risk classes to around 21 million properties



Information gain as a basis for risk-adequate pricing



Improvement of the combined ratio



Simple integration into existing tariff models



No interfaces required



Industry expertise



Influence of different variables

Within the scope of an analysis of more than 300 object-related characteristics, those which best predict the occurrence of a tap water damage were identified. With the help of this set of micro-geographical and structural information about the street section and the residential environment a score value is calculated. Depending on the probability of occurring damage, the buildings are divided into risk classes for forecasting future performance. The GRI risk catalogue can be applied to around 21 million properties throughout Germany.

Easy integration

No interface is required, since the information is stored and made available on a storage medium. The exclusive data from Arvato Financial Solutions can then be compared to your own database and can be integrated into existing tariff models with little IT effort.

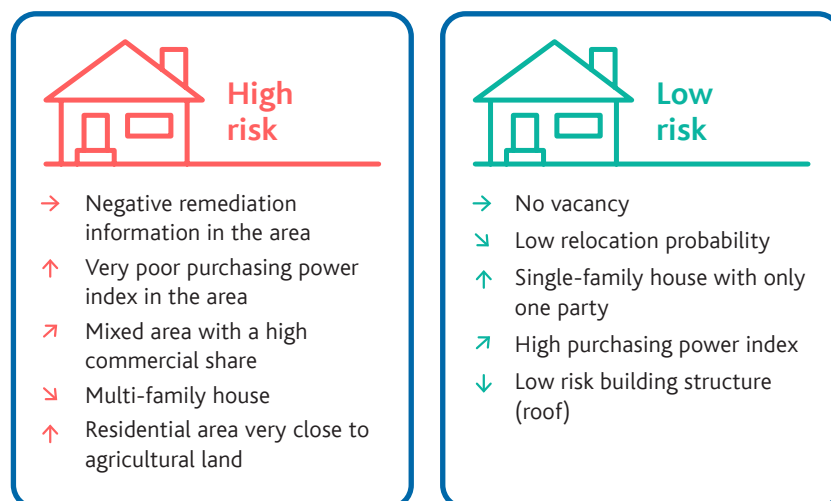
Flexible application possibilities

The index can be used for both new and existing customers. The application of the index enables the acceptance control of risky objects or the targeted discount control in the application process as well as the premium adjustment of existing customers.

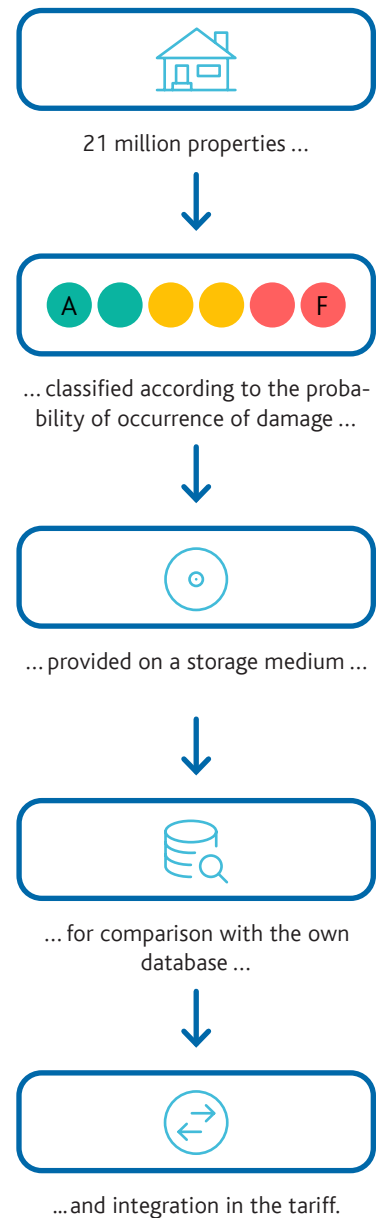
The results

The high data quality offers a meaningful forecasting capability with regard to the claims behaviour and thus enables a reduction of the loss ratio. Analyses of insurance companies showed a loss ratio in the worst risk class that is up to 40% above the loss average.

Example of the decision logic for the evaluation of a building



How the index works



Would you like more information? Get in touch with us.

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