



Guidewire Cyence Risk Analytics

Understanding and Modeling New and Evolving P&C Risks

DATA SHEET

The unprecedented technological advances of the 21st century are shifting the nature of risk across the insurance industry. Cyber risks present unique challenges for many reasons:

- The cyber risk threat is constantly evolving.
- Traditional actuarial data available to model cyber risk is limited.
- The potential for catastrophic loss aggregations exists.

Unlike other insured catastrophes such as hurricanes and earthquakes, there is no authoritative data source to rely on such as the United States Geological Survey or the United Kingdom’s Met Office. Instead, insurers must depend on subjective information from the insured—like high-level questionnaires and discussions about what security technologies and protocols are in place—to manage cyber underwriting and accumulation.

Cyence Risk Analytics

For the first time, the insurance industry has the tools to understand the impact of 21st-century risks in dollars and probabilities. Our unique approach with Guidewire Cyence™ Risk Analytics combines economic/risk modeling, cybersecurity, and big data analytics to create an economic cyber risk modeling platform. This cloud-native solution is leveraged by leaders across the insurance industry to help prospect and select risks, assess and price risks, manage portfolio risk accumulations, and develop new insurance products with confidence.

How We Do It

Through a process called *data listening*, we collect vast amounts of technical and behavioral data from a variety of sources at internet scale, including public data, open-source data, proprietary data, and third-party data. Next, we curate the data and apply sophisticated machine-learning techniques to find the signal through all the noise. This massive collection and processing effort produces risk models that are delivered in a user-friendly, cloud-based application. P&C insurers now get the insights they care about to address questions such as: “What accumulation risks should I be worried about for my book?” “How can I differentiate these risks when they look so similar?” “What is in my book’s 1-in-50-year loss?”

PRODUCT HIGHLIGHTS

Data listening engine

- Continuous collection and curation of real exposure data across a broad spectrum of people, processes, and technology risk factors

Advanced modeling

- Frequency and severity modeling for cyber-specific aggregation and scenarios
- Stochastic and deterministic outputs at portfolio and event level for improved insurance risk modeling

Robust scenario library

- Out-of-the-box scenario library that includes common regulatory scenarios and scenarios curated by Cyence
- Ability to customize and create scenarios to test hypotheses and manage accumulation risk

Cloud-based

- Browser-based cloud platform
- Quick and easy to get up and running
- Easy-to-use interface

Designed for the insurance industry

- Tailored for underwriting, actuarial, product management, and enterprise risk management users

Stand-alone

- You can take advantage of Cyence insights even if you do not use other Guidewire products

Rethinking Cyber Risk for Insurance

The cyber security technology industry is full of scores, ratings, and scorecards, but each tool measures technologies and technical metrics in a vacuum. While important, technology itself is not an adequate predictor of cyber risk—many companies with state-of-the-art technology are breached while others with legacy technology are not.

To assess cyber threat, Cyence Risk Analytics leverages a variety of econometric risk models and uses real breach data aggregated from multiple sources. However, technology assessment is just the beginning.

We also:

- Measure companies' cyber posture from the perspective of people and process
- Assess adversary motivation
- Examine attack capabilities
- **Consider the impact of a well-timed attack**

In addition to using the broadest and deepest collection of technology assessments on companies, we constantly train and refine our predictive risk capabilities to provide customers with the best understanding of cyber security risk.

Insurer Use Cases

Because we help insurers understand cyber risk as dollars and probabilities, our customers can drive better underwriting, pricing, and enterprise risk management decisions, for clients large and small, throughout their organization.

With the insights that we provide, Cyence Risk Analytics enables companies to realize the following advantages:

- Underwriters ask fewer underwriting questions, evaluate the credibility of questionnaire responses, and develop more targeted follow-up questions.
- Product managers and actuaries leverage our economic risk modeling platform when examining and developing segmentation and pricing strategies.
- Enterprise risk managers use our exposure data and stochastic disaster scenario models to evaluate and manage tail risks.
- **Executives benefit from a common risk language that explains exposure as dollars** and probabilities and enables a data-driven approach to strategic decisions.

KEY BENEFITS

Improved risk selection

- Augments underwriting information with 40+ additional risk factors based on externally collected data

Protected profitability

- **Addresses pricing adequacy at the individual risk and portfolio level**

Ability to monitor portfolio health

- Evaluate and track portfolio health through portfolio loss analyses and accumulation risks

Fuel for growth

- Enables you to design new insurance products and go-to-market strategies that drive increased revenues

About Guidewire

Guidewire delivers the software that Property and Casualty (P&C) insurers need to adapt and succeed in a time of rapid industry change. We combine three elements – core operations, data and analytics, and digital engagement – into a technology platform that enhances insurers' ability to engage and empower their customers and employees. More than 300 P&C insurers around the world have selected Guidewire. For more information, please visit www.guidewire.com and follow us on twitter: @Guidewire_PandC.