

CASE STUDY

Florida Farm Bureau wanted to increase profitability by improving its underwriting practices and ensuring that the rating information on its policyholders was correct.



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Steve Wallace, senior strategic planner, FFB

Challenge

FFB realized that better location intelligence could provide substantial benefits across business areas.

FFB needed to find a flexible, cost-effective geo-spatial technology platform to utilize in its daily underwriting, actuarial, claims processing and marketing operations.

Solution

FFB used MapInfo® Professional®, StreetPro®, and MapMarker® Plus to develop a more accurate and efficient underwriting system, manage rating territories, and speed claims service. MapXtreme® software was also used to help deploy a custom web-based policy quote service for agents.

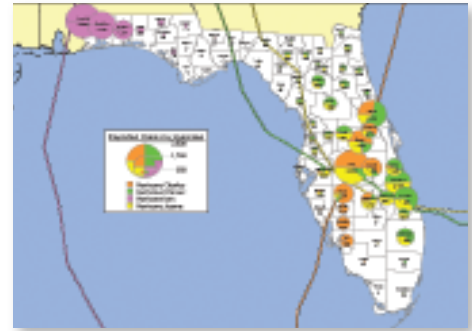
Summary

Florida Farm Bureau Insurance Companies (FFB) specializes in writing automobile, homeowners, dwelling fire, farm and business owners lines of insurance for members of the Florida Farm Bureau Federation. In 2004, FFB had 145,000 members, \$216 million in earned premiums, and insured \$22.7 billion in property.

Challenge

FFB wanted to improve its underwriting practices and ensure that the rating information on its policyholders was correct. Inaccuracies in information from agents, changes made by regulatory agencies, the redistricting of fire stations' response areas and the annexation of areas into municipalities could result in the wrong premium being charged to customers—which hurts profitability and could result in fines by state regulators.

Because the basis of many policy coding rules is geography, FFB recognized that Location Intelligence technology could be used to integrate policy and regulation changes with its customer and applicant database records. Maintaining sound rates and accuracy in their databases meant finding a way to keep up with these changes, while demanding as little time and effort of its agents as possible.

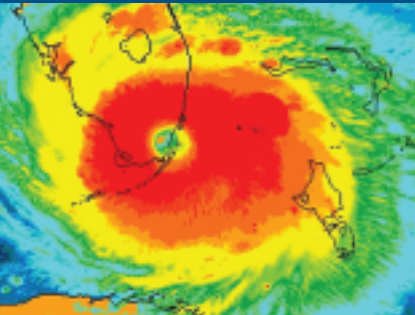


Result

FFB built GeoVerify, a custom system that integrated MapInfo Professional and MapMarker Plus software with databases containing regulatory, rating and proprietary data. Using GeoVerify, FFB was able to efficiently and accurately determine rates for its customers and decrease the amount of time and effort involved in the underwriting process. According to Steve Wallace, FFB's senior strategic planner and developer of the system, FFB recouped its investment within two months of implementing its MapInfo-based GeoVerify system.

FFB used MapInfo Professional and MapMarker Plus to geocode all its policyholder addresses and accurately determine their geospatial location. Then FFB compared the databases of maps representing the various rating territory regions and codes to the geocoded policyholder points to populate each record with the correct codes. Then they compared these results to the existing policyholder information in order to identify any records with different attributes (ie. miscoded policies). FFB then uploaded corrections to their policy system to have the changes applied at the next renewal.

The MapInfo Advantage



FFB chose MapInfo Professional because of its affordability, flexibility and ease of use. Other GIS platforms were more costly and needlessly complicated. "I own copies of ArcView, Manifold GIS and MapPoint, I use MapInfo" comments Wallace.

"We see geo-spatial analysis as being an integral part of insurance company operations, all the way from the beginning where we must quote the policy with the right rating information, which is often based on location, to the ultimate reason for our existence— helping people recover from financial loss."

Steve Wallace, senior strategic planner, FFB

"We experienced a net return on investment of more than 900% in the first ten months GeoVerify was running," said Wallace. "The really significant point is that one-third of the premiums decreased while two-thirds increased, meaning the ROI was really generated by only a third of our total policies."

Using MapInfo® technology to verify policy rates has also improved customer service. Because FFB is now able to ensure the accuracy of the information in its databases, it is retaining more customers through policy renewal. It is also realizing fewer fines and criticisms from regulatory agencies, while eliminating the manual process that the agents used to endure to validate policyholder information.

Rating Territories

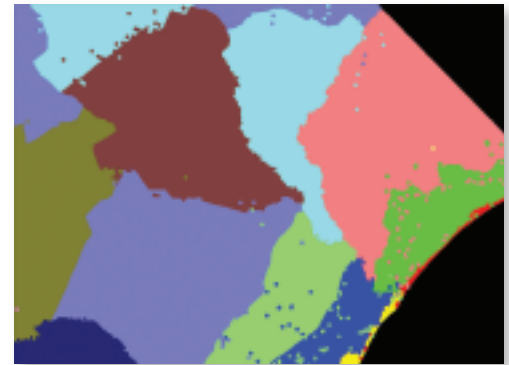
In addition to the GeoVerify system, FFB uses MapInfo® Professional® to identify high-policy concentration areas. FFB can easily evaluate how much exposure it can handle in a specific area, taking into account factors such as: profitability, market penetration, rate adequacy, and catastrophe risk.

FFB uses MapInfo Professional in the actuarial facet of its business to provide a comprehensive view of its policies, and determine new territory boundaries and rates.

FFB Uses MapInfo Technology to Create Web-based Service for Agents

FFB also used MapInfo technology within its point-of-sale system "FFBLink." FFBLink enables agents to enter a current or potential policyholder's address through an online application and have MapMarker and MapXtreme return all the geography-based rating elements.

FFBLink automatically verifies the location of a specific address once it is entered, helping ensure that customers are always given accurate pricing information. For instance, when insurance agents enter an address, MapInfo technology automatically determines the correct classification code and if the address falls within various rating zones. By doing so, the policy is automatically assigned the correct rate so the agent does not have to cross check the address with paper maps.



MapInfo Professional displays policies assigned to the incorrect rating territories. Colored data points (policies) that do not match the background color of the rating territory have been miscoded.

MapInfo is Critical to Customer Service and Claims Management

In the aftermath of the devastating 2004 Florida hurricane season, FFB relied on MapInfo technology to help provide hurricane victims with faster claims support. Using MapInfo Professional and MapMarker Plus to provide a visual representation of current claims, FFB quickly located areas with the highest concentration of claims and deployed the necessary resources, such as adjusters and temporary claims offices.

FFB has even used MapInfo Professional to predict potential losses associated with hurricanes by overlaying event information, such as a storm's current track and wind speed, against its policyholder points on a digital map.

"When a catastrophic event like a hurricane comes along, the application of geo-spatial analysis to solving the questions of who, where and how many is critical," says Wallace. "We analyze the storm track and damaging wind fields versus our insured locations that are geocoded to predict the number of claims, and then plot out the actual locations of losses when they are reported. This helps claims managers assign manpower, as well as helping individual adjusters plan their daily agenda to cover losses in proximity to each other."