



Praedicat Releases Oortfolio™, An Unprecedented Liability Catastrophe Modeling Platform

Swiss Re Licenses Oortfolio and Partners with Praedicat to Drive Better Casualty Risk Management

October 4, 2016, Los Angeles, CA. Praedicat, an InsureTech analytics company based in Los Angeles, has released Oortfolio™, its new groundbreaking liability insurance risk modeling platform. Applying cutting-edge data science and modeling, Oortfolio provides an unprecedented emerging risk underwriting and aggregation risk management capability to liability insurance and reinsurance.

“Oortfolio moves away from the backward-looking paradigm of using historical claims data to understand risk, and brings together a full complement of modern data, technology and modeling to create forward-looking liability insurance operations,” said Robert Reville, Praedicat’s Chief Executive Officer.

Global reinsurer Swiss Re is the first company to license Oortfolio. “Liability insurance covers companies across many industries, including those that create new technologies, innovations, products and practices that haven’t yet generated claims,” said Andrea Scascighini, Head of Casualty Accumulation Solutions at Swiss Re.

“Managing these risks requires a new kind of data and modeling – forward-looking modeling – which Swiss Re is bringing to the market both through its own models and through partnerships with independent modelers like Praedicat.”

Praedicat’s technology, together with its team of scientists, mines the text of peer-reviewed science for hypotheses that commercial products or activities are causing harm. Using these data, Praedicat has built a probabilistic microsimulation model of future mass litigation consistent with the underlying science. Praedicat uses this microsimulation model and data collected on the business activities of specific companies and all industries to estimate their exposure to litigation. Oortfolio’s risk information facilitates measuring the total risk in an insurance company’s portfolio, as well as the risk in the underlying companies and industries.

Oortfolio is also a powerful tool for insurers to manage the growing regulatory oversight of casualty insurance. “There is increasing regulatory focus on the stability of financial institutions, from Federal Reserve oversight in the United States to Solvency II in Europe.” said James Thomson, Praedicat’s Chair and former CEO of RAND, the nonprofit public policy research institute.

“Oortfolio represents an important step forward for casualty insurance to be more transparent and for capital to be managed with the same rigor as other financial products, giving confidence to customers and the financial system as a whole.”

In the last thirty years, catastrophe modeling has become part of the fabric of property insurance, where modeling the risk of property damage from natural catastrophes is expected by regulators and rating agencies. The adoption of these models has reduced insurer insolvencies from natural catastrophes. It has led to significant market growth as well as the entry of new sources of capital, such as from hedge funds, to the property insurance market. In addition, it has driven both substantial product innovation and new types of insurance risk transfer, such as catastrophe bonds. Oortfolio offers the possibility that liability insurance will similarly experience new growth, greater stability and increased innovation.

“We call it the Golden Age of Casualty,” said Reville. “Casualty has been the neglected sibling of property for thirty years, but new technologies from the field of data science, combined with Praedicat’s innovative modeling, have made it possible for casualty to have its turn. The Golden Age is dawning. We are proud to deliver this capability to the market.”

Praedicat was created out of a research and development initiative between The RAND Corporation, a nonprofit research organization, and Risk Management Solutions, Inc. (RMS), and both companies are investors.

“Many had thought liability catastrophe modeling impossible,” said Hemant Shah, CEO of RMS and a Board member of Praedicat. “What Praedicat has done is a remarkable technical achievement. Property and casualty (re)insurers can now rigorously quantify both their property and liability risks.”

Media Contact

Praedicat, Inc.
5760 West Jefferson Blvd.
Los Angeles, CA 90016
Contact: Fred Kipperman
Phone: 424-672-6342
Mobile: 310-403-2079
www.praedicat.com
Email: media@praedicat.com