Breakthrough insurance tool for COVID-19 liability developed by Praedicat in Lloyd's Lab

19 November, 2020, Los Angeles, CA. Praedicat, the liability emerging risk modeling firm, has developed a groundbreaking suite of scenarios for the casualty insurance market that allows insurers to track exposures, establish reserves, and manage aggregations to promote a healthy market in the face of this generation's largest emerging risk; the coronavirus pandemic.

The scenarios are designed to help insurers that have a clash risk from coronavirus that impact general liability and directors & officers (D&O) lines within an insurer's portfolio. Clash refers to the circumstance where a single underlying event causes multiple claims which can threaten the solvency of insurers. The coronavirus creates clash risk for casualty insurers both within and across lines of insurance.

Praedicat has applied previous mass litigation precedents to anticipate how COVID-19 liability could develop. These new clash scenarios include loss estimates allocated to companies that might be named in litigation and also to the insurance line that would cover the loss, allowing insurers to estimate exposure in their own portfolios. The scenarios complement Praedicat's COVID-19 litigation tracker, letting insurers anticipate the ultimate effect of novel pandemic litigation emerging in the US courts.

Praedicat developed the solution within the Lloyd's Lab, working with mentors from Argo, Hiscox, StarStone and Lloyd's. The Lloyd's Lab is an insurtech incubator based in the insurance and reinsurance market, Lloyd's of London. Praedicat participated in the fifth cohort of insurtechs at the Lloyd's Lab, and were part of a fast-tracked COVID-19-themed group set up to develop technology that would support the Lloyd's market against future waves of the coronavirus or other pandemics.

"The collaborative spirit in the lab is perfect for idea generation," said Adam Mitchell, Head of Group Exposure Management for Argo, who served as a mentor to Praedicat in the Lloyd's Lab. "As we strive to improve our understanding of liability accumulation risk it has been an education to work with the team."

Praedicat saw COVID-19 as a major cross-line event and engaged with participants in the Lloyd's market to broaden the scope of Praedicat's COVID-19 liability scenarios to consider cross-line clash potential.

"This is a hugely exciting development for Praedicat and for the market," said Robert Reville, Chief Executive Officer, Praedicat. "The liability risk relating to COVID-19 is front of mind in the global insurance and reinsurance market right now. We are proud to have had the support of the Lloyd's Lab to develop these capabilities for the industry."

"For the insurance industry to maintain its critical role in facilitating recovery from catastrophes it is vital that emerging and clash risks are fully understood by the market and the insured," said Emma Watkins, Head of Exposure Management for Lloyd's, who also worked with Praedicat as a mentor. "We appreciate Praedicat's efforts to help the industry with this novel emerging risk."

Praedicat has also created a multi-line scenario analysis feature in its software, CoMeta®, to facilitate business decision-making. Lauren Restell, Praedicat's liaison to the Lloyd's Lab and Vice President of Rating and Regulatory Affairs, added that Praedicat's market discussions have led to a better and more informed development plan for extending its cross-line clash approach to emerging risks beyond COVID-19, such as PFAS.

"By utilizing these new cross-line clash scenarios and model capability, clients are able to estimate potential exposure and develop underwriting strategies," said Ms. Restell. "They can also create new innovative products to mitigate future risk."

Praedicat previously worked in the Lloyd's Lab Cohort 3 to develop its "Hundreds" product, which offers a $100 million limit excess of $100 million attachment point on a named peril basis, covering 100 of Praedicat's profiled Litagion® agents for both General Liability and D&O.

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About Praedicat

Praedicat is the leading product risk analytics and liability modeling company for casualty insurers and global industrial companies. Praedicat helps companies identify, model and manage current, emerging and emergent liability risks. This means that its clients can adopt a new approach to liability risk, translating it into actionable business opportunities, which can result in profitable and sustainable growth.

Praedicat was established in 2012, is based in Los Angeles, California and has offices in New York and London. Praedicat successfully participated in Lloyd's Lab Cohort 3, is currently participating in Lloyd's Lab Cohort 5, partnered with SOMPO to win an SMA Underwriting Innovation award in 2019, and has made the InsurTech Impact 25 of 2020 list by Oxbow Partners as one of the top-25 most promising insurance technology solution providers. Praedicat's ultimate aim is to deliver the science around health and environmental risks to businesses, driving smarter decisions that make the world cleaner, safer and healthier.

To learn more, visit **www.praedicat.com**

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