05-Nov-2026

Verisk Analytics, Inc. (VRSK)

Q3 2026 Earnings Call

Copyright © 2001-2026 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Stacey Jill Brodbar
Senior Vice President, Finance & Investor Relations, Verisk Analytics, Inc.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

Saurabh Khemka
President, Underwriting Solutions, Verisk Analytics, Inc.

OTHER PARTICIPANTS

Manav Patnaik
Analyst, Barclays Capital, Inc.

Toni Kaplan
Analyst, Morgan Stanley & Co. LLC

Faiza Alwy
Analyst, Deutsche Bank Securities, Inc.

Curtis Nagle
Analyst, BofA Securities, Inc.

Scott Wurtzel
Analyst, Wolfe Research LLC

Andrew Nicholas
Analyst, William Blair & Co. LLC

Surinder Thind
Analyst, Jefferies LLC

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

David Motemaden
Analyst, Evercore ISI

Jason Haas
Analyst, Wells Fargo Securities LLC

Jeffrey P. Meuler
Analyst, Robert W. Baird & Co., Inc.

George K. Tong
Analyst, Goldman Sachs & Co. LLC

Henry Hayden
Analyst, Rothschild & Co Redburn

Copyright © 2001-2026 FactSet CallStreet, LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day everyone, and welcome to the Verisk Third Quarter 2026 Earnings Results Conference call. This call is being recorded. Currently, all participants are in listen-only mode. After today's prepared remarks, we will conduct a question-and-answer session where we will limit participants to one question, so that we can allow everyone to ask a question. We will have further instructions for you at that time.

For opening remarks and introductions, I would like to turn the call over to Verisk's, Senior Vice President of Finance and Investor Relations. Ms. Stacey Brodbar. Ms. Stacey Brodbar, please go ahead.

Stacey Jill Brodbar

Senior Vice President, Finance & Investor Relations, Verisk Analytics, Inc.

Thank you. Operator, and good day, everyone. We appreciate you joining us today for a discussion of our third quarter 2026 financial results. On the call today are Lee Shavel, Verisk's President and Chief Executive Officer; and Elizabeth Mann, Chief Financial Officer.

The earnings release referenced on this call as well as our traditional quarterly earnings presentation and the associated 10-Q can be found in the Investors section of our website, verisk.com. The earnings release has also been attached to an 8-K that we have furnished to the SEC. A replay of this call will be available for 30 days on our website and by dial-in.

As set forth in more detail in today's earnings release, I will remind everyone that today's call may include forward-looking statements about Verisk's future performance, including those related to our financial guidance. Actual performance could differ materially from what is suggested by our comments today. Information about the factors that could affect future performance is contained in our recent SEC filing.

A reconciliation of reported and historic non-GAAP financial measures discussed on this call is provided in our 8-K and today's earnings presentation posted on the Investors section of our website, Verisk.com. However, we are not able to provide a reconciliation of projected adjusted EBITDA, adjusted EBITDA margin and adjusted EPS to the most directly comparable expected GAAP result because of the unreasonable effort and high unpredictability of estimating certain items that are excluded from projected non-GAAP adjusted EBITDA, adjusted EBITDA margin and adjusted EPS, including, for example, tax consequences, acquisition-related costs, gains and loss from dispositions and other non-recurring expenses, the effect of which may be significant.

And now, I'd like to turn the call over to Lee Shavel.

Lee M. Shavel

President, Chief Executive Officer & Director, Verisk Analytics, Inc.

Thanks, Stacey. Good morning, everyone, and thank you for joining us on our third quarter earnings call. This morning. I'll focus on three topics. First, I'll briefly review our financial and operational performance for the third quarter. Second, I will provide an update on client engagement and the strategic discussions we are having across our customer base. Third, I will discuss our innovation pipeline, including advancements with our market leading AI solutions and capabilities. Then Elizabeth will take you through our financial results and outlook for the remainder of the year in more detail.

Copyright © 2001-2026 FactSet CallStreet, LLC

Before turning to our results, I want to briefly address the Delaware Supreme Court's order regarding AccuLynx, which was handed down on October 23rd. As we said in our press release on that day, we respect the Delaware Supreme Court's order affirming the judgment of the Delaware Chancery Court and will proceed in accordance with the court's order. The transaction remains subject to the satisfaction of customary closing conditions and the FTC review. As with any transaction, there is no guarantee that the transaction will be completed. We will provide updates on the transaction as the FTC's review process commences and moves forward as appropriate.

With that, let's turn to the quarter's results. Verisk delivered organic constant currency revenue growth of 7.4%. Growth improved sequentially from the second quarter in both underwriting and claims returning to levels in line with our medium-term annual targets.

Revenue growth was underpinned by an increase in subscription revenues of 8.2% and stronger than anticipated transactional revenue growth of 3.2%, organic constant currency adjusted EBITDA increased 7.5%, marking another quarter of healthy margins. Diluted adjusted earnings per share increased 14%, reflecting the impact of our continued focus on share buybacks to return capital to shareholders. As we close out the year, we continue to expect that 2026 will be another year of performance in line with our Investor Day targets and maintain our guidance for this year.

Turning to client engagement. This has been an extremely active quarter as we deepen our strategic engagement through executive leadership meetings, industry conferences including CIAB and our own Verisk hosted events and targeted account discussions. In fact, this quarter we hosted 128 Senior Executive engagements. These conversations provide valuable insights into the issues shaping our client's priorities and help inform both our innovation roadmap and go-to-market strategy. Importantly, they are also instrumental in driving growth for Verisk, as clients are choosing to expand and extend their relationships with us as they adopt new capabilities reflecting the value of investments we have made to improve the quality of our data and technology.

Our clients are navigating a dynamic operating environment marked by rising interest rates and inflation, as well as growing geopolitical and civil unrest. While these macro factors do not have a material direct impact on Verisk's operating results, they do shape insurance markets. Today these markets are generally stable but softer than in recent years. Most notably in commercial lines and property as well as within reinsurance, carrier profitability remains strong, supported by a second consecutive year of lower catastrophe losses.

However, lighter weather activity has reduced repair and restoration demand for our contractor and adjuster clients, who account for approximately 10% of our consolidated revenue. This has contributed to strains on this customer type, including certain collection pressures and bankruptcies. For a small number of these customers. However, the longer-term trend continues to point to an ever increasing risk environment from new emerging risks like advanced technologies, including AI, strike, riot and civil commotion, and cyber, as well as greater catastrophe losses.

In fact, our recently published Global Modeled Catastrophe Losses Report reinforces that weather related events will continue to pressure the industry. The annual report calculates that the insurance industry should be prepared to withstand $171 billion in insured catastrophe losses, on average in a given year, up $19 billion from a year ago and the highest estimate Verisk has reported to-date. This increase reflects continued growth in property values and insured values worldwide.

For this reason, we are focused on supporting the industry as they work to maintain underwriting discipline and make informed pricing, capital allocation and risk transfer decisions based on the full range of risk, not just the

Copyright © 2001-2026 FactSet CallStreet, LLC

outcome of a single season. Across our client conversations, AI is top of mind, both from an opportunity and a risk perspective and there is an increasing demand from clients to validate a true return on their AI investments.

To that end, we are seeing strong interest and increased activity in pilots and proof-of-concept work across our AI solutions. Reflecting this, we have seen increased growth in the license of AI related solutions across our businesses. However, the insurance industry moves deliberately as it develops confidence in the reliability of the technology. On the opportunity side, our clients are focused on ways they can use advance technologies to improve efficiency, reduce operational friction and drive greater automation across their organizations.

One key pain point for our clients is Policy Forms Management and many carriers are looking to target this area for modernization, which is resulting in strong interest for our Mozart Forms Composer platform. Mozart helps clients draft and update policy language faster, offering full version control and audit trails which reduce compliance risk and accelerate speed to market. We have added 9 new customers this year, including our largest ever agreement for Mozart with a Tier-1 carrier undertaking an enterprise-wide review of its forms process.

Our latest launch Forms AI builder is initially available for general liability and combines generative AI with ISO content. Since its beta release in mid-September, 14 companies are already using it with feedback indicating that it helps them move faster from emerging risk to coverage solutions. Clients are also increasingly recognizing the value of Verisk's industry-wide and AI ready data in delivering better outcomes and higher returns on investment in an AI world. One example is a self-insured top five retailer that brought workers compensation claims management in-house.

Expecting AI to support the work after finding that outcomes and return on investment were stronger with Verisk data, the client returned to our anti-fraud solution and signed a large multi-year agreement. This underscores the importance of pairing AI capabilities with the breadth and depth of our data to deliver measurable value.

On the risk side. Our conversations with carriers, particularly at the C-suite level, are focused on how we can help insurers understand, assess and respond to emerging AI related cyber and liability exposures across their existing portfolios. Clients are increasingly assessing the breadth of systemic risk associated with the adoption of AI by policyholders, including questions around liability, errors and omissions, unintended outcomes and aggregation risk.

Carriers are turning to Verisk as the trusted partner who has a proven track record of independently helping each insurer successfully navigate other emerging risks of the past. To that end, we have introduced research and data tools, including an AI litigation tracker, AI exposure mapping and a US data center exposure database to help clients assess and understand the risks. Customers are also finding value in engaging with us at our dedicated emerging issues workshop, something we launched as part of our core line subscription.

Turning to innovation. AI is not only enhancing the solutions we bring to market, it is also accelerating how quickly we build and deliver them. Our Life Solutions business is a good example [ph] Fast Studio (00:12:00) our platform aware agentic AI development environment helps our teams design, build and test new functionality faster across both core product engineering and client implementation projects. Early measured work shows productivity gains up to 30% across the software development life cycle.

Additionally, we are making strong progress through our partnership with a leading specialty insurer to co-develop agentic AI capabilities. Our engineering and agent building teams are working side by side with the client to develop end-to-end agentic workflows. We are now in the third phase of the partnership with each phase

Copyright © 2001-2026 FactSet CallStreet, LLC

comprising multiple sprints, building iteratively towards our next major review in December. The focus is now shifting towards real-world validation, deeper integration, and the path to production. For US general liability.

Our strategy is to ensure that the capabilities and reusable artifacts created through the partnership become part of our broader product portfolio, enabling us to extend the value of this work across multiple products, our marketplace, workflows and clients. And while AI is central to much of our innovation, we are also continuing to build our data advantage as we grow the value of our contributory data assets across underwriting and claims. More specifically, we are continuing to have success onboarding new data contributors to our new excess and surplus data set.

We have commitments from 21 data contributors and the data set now covers [ph] 36 billion (00:13:45) in excess and surplus premium, up from the [ph] 18 billion (00:13:50) we shared at our last quarterly earnings call in July. Our clients are telling us the new E&S benchmarking tool is allowing them to perform portfolio analytics. They were previously unable to do, which is driving the increase in companies contributing data. Last month, we introduced an AI-assistant within the tool, and we are also leveraging AI to streamline the data contribution process by accepting carrier native formats across all lines of business, including MGA data and mapping it to our new E&S data standard. Within claims, we have expanded our data set in Digital Media Forensics and now have over 800 million images in our library, up from 600 million back in March. We have built the most comprehensive image library for use in fraud detection and this is a demonstration of our ability to innovate and scale new products for our clients at speed. And we are excited about the continued momentum we are seeing.

In summary, our deep engagement with clients is helping to drive further data contribution and strong reception to new solutions across our businesses and we are proud to work in partnership with the industry to continue to innovate and drive value.

And now I will turn the call over to Elizabeth for the detailed financial review.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

Thanks, Lee, and good day to everyone on the call. On a consolidated and GAAP basis. Third quarter revenue was $809 million, up 5% versus the prior year, reflecting growth across both underwriting and claims. Net income was $219 million, a 3% decrease versus the prior year. While diluted GAAP earnings per share were $1.70, up 6% versus the prior year.

The decrease in net income was mainly driven by losses related to adjustments to two cost-based investments and higher net interest expense, which more than offset the operating leverage from the revenue growth and cost discipline. The increase in earnings per share reflects solid operational performance and a lower average share count. Moving to our organic constant currency results, adjusted for non-operating items as defined in the non-GAAP financial measures section of our press release.

Verisk delivered OCC revenue growth of 7.4% with growth of 7.7% in underwriting and 6.7% in claims. Demonstrating strong growth and sequential improvement across both businesses. This quarter's performance was modestly ahead of our expectations due to stronger than expected transactional revenues that we do not expect to repeat in the fourth quarter. The clearest demonstration of the health of our business is the continued growth of our subscription revenues, subscription revenue, which comprised 84% of total revenue in the quarter, grew 8.2% on an OCC basis. compounding the 8.7% growth in the prior year period. The growth in subscription revenue was driven by continued strength across our largest subscription-based businesses including Forms, Rules & Loss Costs, Catastrophe Risk Solutions and Anti-Fraud analytics.

Copyright © 2001-2026 FactSet CallStreet, LLC

In Forms, Rules & Loss Costs, our clients are choosing to expand and extend their relationship with us, reflecting the investment we have made in our Core Lines Reimagine program. Additionally, we are seeing strong upsell from new add-on growth products, including Mozart Form Composer and Forms AI Builder, which Lee described earlier. We also see steady growth in the number of users as well as data pulls with our Claude MCP Connector and we are excited about the recent expansion of our offering with Microsoft and Amazon as well as further content available via Claude.

Within Catastrophe Risk Solutions, we delivered another strong quarter of growth while successfully executing a major platform and model launch. We delivered double-digit subscription growth driven by strong adoption, healthy pricing and upsell related to Verisk Synergy Studio. Verisk Synergy Studio was launched in late June and we just released our first quarterly update in October, both on time and on budget. Early feedback has been very positive, and we already have 16 clients running the platform. With a strong pipeline of further installations slated for the fourth quarter, we continue to be focused on supporting our clients through their migration.

In Anti-Fraud, we drove solid growth across the product suite with strong price realization in renewals, adoption of newer innovations like Digital Media Forensics and Claims Coverage Identifier and the addition of new logos across self-insured EPAs and the health companies. These customers appreciate the value they can derive from our contributory data in identifying fraud across all lines of insurance. Our transactional revenues, which comprised 16% of our total revenues, increased 3.2% on an OCC basis, a significant sequential improvement from the second quarter and better than our expectations.

The increase was partially a result of the abatement of some of the temporary factors that we have previously communicated and easier comparisons as well as stronger services revenue in our Life Solutions business. That said, we continue to experience the impact of below-average weather events across our Property and Restoration Solutions as well as pressure in property in the US and Canada related to the soft market environment and we expect these factors to persist into the fourth quarter.

Turning to adjusted EBITDA, OCC adjusted EBITDA grew 7.5% in the quarter. Total adjusted EBITDA margin, including both organic and inorganic results, was 56.7%, an increase of 90 basis points year-over-year. This expansion reflects operating leverage from strong revenue growth and our ongoing cost discipline. We continue to see benefits from our global talent optimization efforts and are seeing the early signs of AI-driven productivity initiatives, which together are allowing for increased investment in innovation and our go-to-market efforts.

Moving down the income statement, net interest expense was $53 million in the quarter compared to $42 million in the prior year period due to higher debt balances. Our current leverage of 2.5 times is right at the midpoint of our targeted range of 2 to 3 times adjusted EBITDA. Our reported effective tax rate was 25.7% compared to 25.3% in the prior year quarter. The year-over-year increase was driven by the impact of non-deductible losses associated with two cost-based investments.

Adjusted net income increased 5.4% to $254 million, while diluted adjusted EPS rose 14% to $1.96 for the quarter. Revenue growth, margin expansion and a lower average share count drove the increases, partially offset by higher interest expense and a higher tax rate. On a reported basis, net cash from operating activities decreased 34% to $267 million, while free cash flow declined 41% to $200 million. The decrease was primarily driven by higher semi-annual interest payments and higher cash tax payments as well as the timing of certain cash collections as compared to the prior year. We remain committed to our disciplined capital allocation strategy, balancing investment in our highest return organic opportunities, select strategic opportunities and return of capital to our shareholders.

Copyright © 2001-2026 FactSet CallStreet, LLC

During the third quarter, we paid a cash dividend of $0.50 per share, an 11% increase year-over-year and completed a $100 million accelerated share repurchase program. In total, we have repurchased 10.5 million shares during the first nine months of 2026 and have approximately $700 million remaining under our share repurchase authorization. Our capital allocation framework is underpinned by the continued strength of our balance sheet, which remains well within our target leverage range.

We have ample balance sheet capacity to continue delivering on our capital priorities, while preserving our overall flexibility. We are pleased to deliver the continued momentum we expected in the third quarter and are maintaining our outlook for 2026. That said, we do continue to see some continued impact from the elongated sales cycle as well as the lower level of weather events. Taken together, these factors likely keep our results towards the midpoint of the range. A complete listing of all guidance measures can be found in the earnings slide deck, which has been posted to the Investor section of our website, verisk.com.

We continue to expect consolidated revenue in the range of $3.19 billion to $3.24 billion. Adjusted EBITDA is expected to be between $1.79 billion and $1.83 billion, with adjusted EBITDA margins of 56% to 56.5%. We continue to expect net interest expense of $190 million to $200 million and our effective tax rate to be in the range of 23% to 26%. This results in adjusted earnings per share for the year in the range of $7.45 to $7.75.

And now let me turn the call back to Lee for some closing words.

Lee M. Shavel

President, Chief Executive Officer & Director, Verisk Analytics, Inc.

Thanks, Elizabeth. In summary, we are experiencing the growth rebound that we anticipated in our financial results. Additionally, the increased value in our products from AI functionality is improving price realization and the increased engagement from our clients and partners as they recognize the value of our data and expertise in generating real returns on their AI investments. We continue to appreciate all the support and interest in Verisk. Given the large number of analyst covering us, we ask that you limit yourself to one question.

With that, I'll ask the operator to open the line for questions.

Copyright © 2001-2026 FactSet CallStreet, LLC

QUESTION AND ANSWER SECTION

Operator: We will now begin the question-and-answer session. Please limit yourself to one question. [Operator Instructions] Please stand by while we compile the Q&A roster. Your first question comes from the line of Manav Patnaik with Barclays. Manav, please go ahead.

Manav Patnaik
Analyst, Barclays Capital, Inc.

Q

Thank you. Good morning. I was just hoping. Lee you made the kind of the proactive comments around the contractor and adjuster clients being 10% of their revenues and seeing some headwinds there. I was just wondering. if you could unpack that. Like are you – is that implying that those headwinds continue in 2027 and there's something to call out. So, just wanted to dig into that a bit more?

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Thanks, Manav. I'm going to hand that one to Elizabeth.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks for the question, Manav. We just wanted to highlight, we've talked a little bit about the impact of lighter weather on our business. We are large and diversified, and so what – for us has been a minor headwind, if you think about the industry environment, the contractors, particularly small businesses are under pressure with that lighter volume and we have seen one or two bankruptcies in the space. So that is something just that we've been monitoring, it's incorporated in kind of the guidance ranges that we've talked about, but it could be a minor factor as we go into early 2027.

Operator: Your next question comes from the line of Toni Kaplan with Morgan Stanley. Toni, please go ahead.

Toni Kaplan
Analyst, Morgan Stanley & Co. LLC

Q

Thanks so much. And thanks for the color on the AI initiatives during the prepared remarks. I know you referenced the longer sales cycle again, but it does sound like you're seeing some adoption in some of the AI areas regardless. And so, I was hoping you could maybe talk about what still needs to be ironed out? Is this only with some customers? And when these are resolved, should we think about it as sort of opening the floodgates for new AI sales? Just trying to get a sense of how big of a needle mover this could be for growth next year and how much of a sort of impact it's having this year? Thanks.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Thanks, Toni. So I think what we are seeing and as you picked up from the comments, is that there is broad engagement from our clients across all of the functions that – where we're engaged with them, from underwriting, claims, cap modeling, distribution. And the way I described it in my remarks is that, it's a very deliberate process. And I think it is a little different in the insurance industry relative to the financial markets where they consume a lot of data, there are fewer gateways or hurdles that they typically clear to ingest that data. And so, the dialogue that

Copyright © 2001-2026 FactSet CallStreet, LLC

we're having with clients is understanding it, but even among our most sophisticated clients, they are very engaged. They want to understand it, but they're asking very specific questions. How do we rely on this? Is this something that there is a strong empirical backing for? And what we have seen is, as they become more familiar and more comfortable with the data sets and the applications, they without question are seeing the benefits, the informational benefits and the efficiency benefits in each of these areas.

The Forms AI Builder is a great example of where they can process forms and make adjustments to forms much more quickly. In our Exact Expert, Exact AI, the claims processing, estimating capabilities are accelerated. In cat modeling, our ability to test those models is improving. And so, I think it is very broad-based. There's a high level of engagement on the value of it, but it will proceed in a very measured, but I think broad-based and impactful way over the course of the next 12 to 24 months as the industry becomes more and more familiar with it.

It also is emphasizing the value of our data sets. We referred to the self-insured top five retailer who initially attempted to utilize AI to handle an anti-fraud application and they found it simply wasn't nearly as effective as using our data sets. So beyond the adoption of the technology, it's also reinforcing the importance and the value of our broad industry-wide data sets to guide their placement of business, their underwriting of business, and their claims processes.

Operator: Your next question comes from the line of Faiza Alwy with Deutsche Bank. Faiza, please go ahead.

Faiza Alwy
Analyst, Deutsche Bank Securities, Inc.

Q

Yes, hi. Thank you. Good morning. Elizabeth, I wanted to ask you about transactional revenues because I believe you said that you saw stronger than expected transactional revenues that you don't expect to repeat in the fourth quarter. So [ph] I was just (00:31:11) looking for some additional color around that. And I know you talked about softer commercial lines and property, and kind of I wanted to understand if that has stabilized or do you expect things to potentially get even softer than they are. Thanks.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks. Thanks for the question, Faiza. Yeah, as you've seen, our subscription growth has been consistent and strong. The transactional revenue in the third quarter at 3% was a bit stronger perhaps than anticipated. Transactional revenues by their nature are harder to predict, of course. And we benefited in the third quarter from additional services businesses on our Life Solutions business as well as some overages on data pulls in different parts of the business. Those overages may or may not repeat. I think the overall environment that we see still does have below-average weather events on our claims side and the property markets that still are softer with lower transactional volumes. So that environment could persist in the fourth quarter. Again, in the long run, we do expect transactional revenues to be a source of strength.

Operator: Your next question comes from the line of Curtis Nagle with Bank of America. Curtis, please go ahead.

Curtis Nagle
Analyst, BofA Securities, Inc.

Q

Great. Just a quick one on the margins. The flow-through looked pretty good in the quarter. I guess how much of that was due to additional leverage just off of that transactional revenue you saw come through or were there any shifts, in terms of the timing of expenses? And then just maybe the puts and takes of getting to the high-end and

Copyright © 2001-2026 FactSet CallStreet, LLC

the [ph] low-end assuming (00:32:51) I guess you're going to be in the mid-range for EBITDA guide, but just wanted to confirm that for the fourth quarter.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks a bunch, Curt. Nothing anomalous that we would call out in the quarter. Yes, some flow-through on that transactional revenue. But in general our margins, if you look at, I think the graph of it, continue to display the seasonality that we've talked about before, with typically stronger margins in the second and third quarter due to revenue mix. And then our expenses and investment expenses tend to build over the course of the year. So from a seasonal perspective, the fourth quarter is often a bit lower from a margin standpoint, but all in line with kind of our historical patterns.

Curtis Nagle
Analyst, BofA Securities, Inc.

Q

Okay, thank you.

Operator: Your next question comes from the line of Scott Wurtzel with Wolfe Research. Scott, please go ahead.

Scott Wurtzel
Analyst, Wolfe Research LLC

Q

Good morning, guys. Thanks for taking my question. Just wondering if you can talk a little bit more about the puts and takes on the acceleration in underwriting OCC revenue growth during the quarter, not sure if any of the transaction-based revenues kind of impacted the acceleration there. But just wondering if we could talk about sort of the drivers of that acceleration from 5.6% to 7.7%? Thanks

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks a bunch. Thanks for the question, Scott. One element of it, to be honest, is the compares for underwriting. If you look a year ago, the third quarter was significantly softer. I think that's the main thing. One element that we talked, we did have from a sequential standpoint, there was the government contract with a work stoppage in the second quarter. And so that resumption of work helped the sequential acceleration. Again from a year-over-year, it's not a major factor, which is why we didn't call it out before, but sequentially you're seeing that come up.

Operator: Your next question comes from the line of Andrew Nicholas with William Blair. Andrew, please go ahead.

Andrew Nicholas
Analyst, William Blair & Co. LLC

Q

Thanks and good morning. Appreciate you taking my question. I wanted to ask one on AccuLynx, recognize there's probably not a whole lot you can say, likelihood of closing or the timing. But I was curious, if you could speak to what that development does to your near-term capital allocation priorities. And then any detail you could share on how that business has kind of progressed over the past year plus from a size or growth perspective to the extent that you can share it? Thank you.

Copyright © 2001-2026 FactSet CallStreet, LLC

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Thanks, Andrew. Yes, there's not a lot more that we can say beyond what we mentioned in our comments beforehand. But with regard to capital priorities, there is no meaningful change in our capital priorities. We will continue to focus on investing in the business, looking at opportunities that we think create value for our shareholders and returning capital to our shareholders. Those remain our primary capital priorities.

Operator: Your next question comes from the line of Ashish Sabadra with RBC Capital Markets. Ashish, please go ahead.

Q

Hey, good morning guys. This is [ph] Will Chi (00:36:27) on for Ashish Sabadra. Appreciate you taking our question. Maybe just wanted to follow-up on the growth acceleration [indiscernible] (00:36:32) I think you guys had called out in the press release just some price increases and also strong price realization as well. I guess, how should we think about [indiscernible] (00:36:43) environment? Are you still seeing good, I guess good value, especially with a lot of these AI adoption tools?

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Thanks. Let me start off and Elizabeth may supplement that. I think that while we are – as we described, observing that softer insurance market. The – one of the elements that is important is that our carriers' focus on emerging risks is higher than it's been in a while, focusing on AI risks in particular. But a variety of other risks that they're dealing with. And as a consequence, the appetite for our data sets and tools specific to those risks has been elevated.

So for instance, we are providing an AI litigation tracker, we're providing AI exposure mapping, we have a US data center database. Those are examples of where we are seeing strong engagement with our customers in addition to the adoption of the tools that we're describing. So those data sets are important and also our engagement with our clients in emerging issues, conversations, where we, with individual carriers, will have a discussion on AI, cyber, or quantum computing and we'll have 50 or 60 underwriters from that carrier that want to participate in it. So, I would say that despite the soft environment, the counter is that their perception and concerns about risk and the value of our data and our insights, has been driving a more pronounced delivery and perception of the value of what we're doing.

And this is the classic role that we play, gathering those data sets and sharing perspectives across the industry that I think has served to enhance their perception of the importance and the value of what we're doing. And that's translating into both the adoption of those specific data sets, contributions of more data, both in terms of the digital media forensics, where we referred to the database is now 800 million images, up from 600 million, increasing contributions of excess and surplus data sets on [ph] 36 billion in premium versus 18 (00:39:15) and that overall is and we believe will continue to support the growth expectations that we have.

Operator: Your next question comes from the line of Surinder Thind with Jefferies. Surrender. Please go ahead.

Surinder Thind
Analyst, Jefferies LLC

Q

Copyright © 2001-2026 FactSet CallStreet, LLC

Thank you. Lee, could you maybe provide a bit more color on the client that tried to in-house some functionality. Maybe what was that functionality? Why did they maybe think they could succeed. And then maybe why were they not successful? And then ultimately, like how prevalent is that mindset at this point?

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Sure, Surinder. Let me – I'll start off. So this is a large client and I think you – it's probably typical of a lot of our clients, who are interested in understanding how to apply AI to a variety of applications. In this case, it was in evaluating the risk of fraud within their business. And so, on the basis of applying the technology to internal data sets, they found that the lift or the outcomes that they were receiving, was not as good and as impactful as it was with the broad industry data sets that we're able to provide to them. And that's – they then came back to us and entered into a significant multi-year contract because those data sets are critical.

And I think, we see that in a variety of instances. There's a natural tendency to understand what AI can do, but a lot of our clients are coming back and saying, your data is critical to realizing a return because it's broader, it is better integrated. We can provide an ontology, a semantic layer for how those data sets relate, that we are doing through our [ph] MCPs (00:41:27) and through other calibration techniques to enable AI to utilize that data much more efficiently. And if it works on a single client's data set, then it works for all of them that's the value of the breadth of the industry data and the quality and the organization, the calibration of those data sets on a consistent basis.

Operator: Your next question comes from the line of Andrew Steinerman with JPMorgan. Andrew, please go ahead.

Andrew C. Steinerman
Analyst, JPMorgan Securities LLC

Q

Hey Lee, it's Andrew. Your team spoke about continued longer sales cycle today. I know that's kind of a continuation. I was wondering if the dynamic is due to insurers trying to figure out the AI usage and governance rights around the contract [indiscernible] (00:42:18) and if that's the case, once that sales or renewal happens, would it be with a larger spend, a larger bundle with Verisk? So putting that together, is it this dynamic kind of a nice setup for a favorable 2027 organic revenue growth momentum as you work through this current sales pipeline.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Andrew, thanks. I think there's a lot of truth in what you're describing. I would say generally that with AI, the demand for data is broader and deeper than it has. And one way to describe it is that historically or traditionally, we're delivering data sets to an underwriter or a claims professional and they're focused on a specific function. The ability to integrate those data sets is now accelerated and enhanced by applying AI to it, enabling a broader integration for that particular function.

There is certainly an element of understanding what that what that means for the individual. And the human continues to be at the center of the – in the loop on those functions. But the carriers want to understand if we are integrating those data sets, what the impact is, are they comfortable that they can explain to a regulator how this is being used, the reliability of that outcome. There are elements, in terms of their contributory data and how that is used and integrated into the process. But I think this is a learning experience and a deliberate testing experience that I do think will open up the doors for a broader use of our data sets. We've always said that our

Copyright © 2001-2026 FactSet CallStreet, LLC

most sophisticated clients use a broader set of our data than the less sophisticated clients. AI is effectively increasing the data sophistication of all of our clients. But that has to go through a very careful calibration as the industry is adjusting to these data sets. So the underlying premise of your question I think is absolutely true.

Operator: Your next question comes from the line of David Motemaden with Evercore ISI. David, please go ahead.

David Motemaden
Analyst, Evercore ISI

Q

Hey, thanks. Good morning. Lee, you spoke about increased growth in the license of AI-related solutions across the business lines. I'm just wondering if you could highlight where that's most pronounced, in terms of product and if it is more of the larger insurers as opposed to the smaller insurers. Like maybe a split between your top 25 and others. And then, relatedly, Elizabeth, I think you called out that some of the transactional growth outperformance was due to data overages. I'm assuming that's not driven by any AI-related data overages that might persist, but maybe you could just give some color there.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

David, let me start off with the first part of your question. In terms of the – on the growth in the AI licenses. And I want to emphasize that that's just one dimension of the growth, the revenue opportunities that we have. The other dimension is, as we've integrated this, the value of the data sets and our ability to capture that value through pricing is another dimension. But going specifically to your question, I would say that, where we are seeing currently the strongest growth in the AI licenses is in some of the mid-sized players that have more scope, I think to move more quickly. For instance, on the claim side, on the contractor front, we're seeing strong growth from a license perspective. But we are also seeing a high level of engagement from our larger carriers that are using the products and we're engaged in broader enterprise licensing agreements that take a little bit longer to make certain that when they're rolling that out across an enterprise of thousands of claims professionals, that they understand how it works.

So currently some of the smaller, more nimble players are able to adopt those; that's what's driving it. But we anticipate that will broaden and strengthen as we bring in larger-scale carriers. And I think there's a dimension of that on the underwriting side as well, where we have some early adopters that tend to be smaller. But our largest carriers are very engaged, and we're working that through in this deliberate process that we're exploring. And that's something that we think will bear out over the next 12 to 24 months.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

And then, David, just to close the loop on the transactional piece and the data overages, that was not specifically AI-related. That is just contract-structure related, number of data pulls versus somebody's contract structure.

Operator: Your next question comes from the line of Jason Haas with Wells Fargo. Jason, please go ahead.

Jason Haas
Analyst, Wells Fargo Securities LLC

Q

Copyright © 2001-2026 FactSet CallStreet, LLC

Hey, good morning, and thank you for taking my question. Outside of the one-time transactional revenue that you're not expecting to repeat. Is there anything else you're seeing in the business today that causes you to think that organic growth could slow in 4Q? Thanks.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.
A

Thanks, Jason. Nothing – no, it would really be, particularly on the transactional side, the things we've called out before, volume of weather-related activity. At this point in the season, it's unlikely to have major catalysts on that side. And then again the property softer market and just number of transactions taking place there.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.
A

The fundamental drivers of our organic growth remain very much in place.

Operator: Your next question comes from the line of Jeff Mueller with Baird. Jeff, please go ahead.

Jeffrey P. Meuler
Analyst, Robert W. Baird & Co., Inc.
Q

Yeah, thank you. I was hoping you could give some more detail on the early signs of AI productivity gains. [ph] I think you characterized it as (00:48:53) just how big of an opportunity are you viewing it as? What are the big expense buckets for you where you see opportunity? And then just how you think about, if those savings continue to build, continuing to maybe reinvest them versus flowing through some of those savings as incremental margin expansion? Thank you.

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.
A

Yeah, thanks. Thanks for the question, Jeff. Yes, as we highlighted, some good AI productivity gains. We had an example in the life business and the 30% productivity there. But we're seeing it across a number of different places in our portfolio. So, we do see opportunity for efficiency and cost savings going forward. I think, as we've balanced those opportunities for cost savings against the opportunities that Lee talked about on the product side. And I think, we will choose to reinvest some of that opportunity while continuing to deliver overall efficiency, so it will be a combination of operating leverage and investment to be consistent with our Investor Day targets of 25 basis points to 75 basis points of margin expansion.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.
A

And, Jeff, I appreciate the question was focused on the internal efficiencies. And I think we are seeing those. We're experiencing them in a variety of areas. We expect those to continue to develop. In – particularly, I think, we've talked about the use of AI to improve data ingestion and calibration within our systems. We talked about that in E&S, but I think that's generally true across our businesses. But the thing I want to broaden out is, I think the efficiencies that we see from an industry perspective and our ability to deliver those by applying our data sets, particularly against agentic application is a significant opportunity for us to deliver value to the industry. And that is something that's in process. I just got back from the Singapore International Reinsurance Conference. And one of those applications for AI and our ability to improve transactional efficiency is through our Whitespace platform

Copyright © 2001-2026 FactSet CallStreet, LLC

We just have brought on two very significant brokers, in addition to our existing brokers, in the Asia-Pacific marketplace. They're going to be utilizing the platform within Singapore for that business, that builds on our success within London and enables us to deliver greater efficiency in distribution. And in conversations with both carriers and brokers in that marketplace, the enthusiasm for the ability to take historically very process-oriented data entry process and automate that and also connect it on a global basis, is a tremendous benefit that is driving continued adoption. So, I think that's just one example of where those efficiencies, as we're able to deliver that data more efficiently and against agentic applications in underwriting and claims and distribution, that we're excited about what we can accomplish.

Operator: Your next question comes from the line of George Tong with Goldman Sachs. George, please go ahead.

George K. Tong
Analyst, Goldman Sachs & Co. LLC

Q

Hi, thanks. Good morning. You mentioned growing usage through the Claude MCP connector and expanded distribution through Microsoft and Amazon. Is that access included in existing subscriptions or separately licensed or priced based on consumption? And could agent-based usage become an incremental revenue stream?

Elizabeth Mann
Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, George, thanks for the question. For the time being, that is included in our existing – primarily our Core Lines contract where the data is coming from. It is and will continue to be a driver of the strong price realization in those contracts. So you're seeing the benefit in that way. We reserve the right in the future, as we understand the usage and as carriers start to pick up, to charge separately for it. But at the moment it's monetized through price increase.

Lee M. Shavel
President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

And that's one specific example of that. We do have other areas in claims and in underwriting where we have explicit licenses for the data sets and that's generally the direction that we have been moving as our clients become more familiar with the value that they can achieve through that access. I also would say that the two MCPs that we had released with Anthropic, those were the starting point. We expect to be able to provide MCPs for other applications and other data sets that will continue to expand our ability to deliver data through that channel.

Operator: Your last question comes from the line of Henry Hayden with Redburn. Henry, please go ahead.

Henry Hayden
Analyst, Rothschild & Co Redburn

Q

Yeah, morning everyone. Thanks for taking our questions today. I wanted to follow-up on the price realization that you've been calling out for a few quarters now. If you could give us any incremental color around the drivers of that, given it seems to largely be the discretionary component of your pricing. How we should think about the potential interplay of that with longer sales cycles. So when those deals come through, should we expect them to be particularly strong? And then, if I could just squeeze in a follow-up on that. How should we talk about the penetration of those renewals within the client base, just as we keep an eye to the sustainability of those increases complementing growth? Thank you.

Copyright © 2001-2026 FactSet CallStreet, LLC

Lee M. Shavel

President, Chief Executive Officer & Director, Verisk Analytics, Inc.

A

Yeah. Thanks, Henry. This is one, I'm going to turn to my colleague Saurabh Khemka, because I think when we think about the pricing and renewals and where we have had the strongest dialogue, it has been around the Core Lines Reimagine that we've talked about, in terms of how we've delivered additional value and how our clients are perceiving it, and how that's played out from a renewal standpoint. So, Saurabh, maybe you can provide perspective there.

Saurabh Khemka

President, Underwriting Solutions, Verisk Analytics, Inc.

A

Yeah, absolutely. So, as we mentioned, the realization has come from our delivery of value to our customers, and we've done that through Core Lines Reimagine. We talked about the new customer modules. We're on track to deliver 25 new modules this year. And as the initial phase of that program is coming to an end, we are actually finding new opportunities to continue innovating and provide more value. So whether it's incorporating AI into our new platform or the workshops that Lee talked about or leading on the regulatory front and the E&S data, we continue to see a lot of room for us to provide value and as we provide value, gain that realization from our customers.

Operator: This concludes today's call. Thank you for attending. You may now disconnect.

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.