

18-Feb-2026

Verisk Analytics, Inc. (VRSK)

Q4 2025 Earnings Call

CORPORATE PARTICIPANTS

Stacey Jill Brodbar

Head-Investor Relations & FP&A, 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

Toni Kaplan

Analyst, Morgan Stanley & Co. LLC

Manav Patnaik

Analyst, Barclays Capital, Inc.

Faiza Alwy

Analyst, Deutsche Bank Securities, Inc.

Andrew Nicholas

Analyst, William Blair & Co. LLC

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Kelsey Zhu

Analyst, Autonomous Research USLP

C. Gregory Peters

Analyst, Raymond James & Associates, Inc.

Scott Wurtzel

Analyst, Wolfe Research LLC

Jason Haas

Analyst, Wells Fargo Securities LLC

Henry Hayden

Analyst, Rothschild & Co Global Markets Solutions Ltd.

Judson Lindley

Analyst, JPMorgan Securities LLC

David Paige

Analyst, RBC Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone, and welcome to the Verisk Fourth Quarter 2025 Earnings Results Conference Call. This call is being recorded. Currently, all participants are in a 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 Head of Investor Relations, Ms. Stacey Brodbar. Ms. Brodbar, please go ahead.

Stacey Jill Brodbar

Head-Investor Relations & FP&A, Verisk Analytics, Inc.

Thank you, operator, and good day, everyone. We appreciate you joining us today for a discussion of our fourth quarter 2025 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-K 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 filings.

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 and adjusted EBITDA margin to the most directly comparable expected GAAP results because of the unreasonable effort and high unpredictability of estimating certain items that are excluded from projected non-GAAP adjusted EBITDA and adjusted EBITDA margin, including, for example, tax consequences, acquisition-related costs, gains and losses 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, Stacy. Good morning, and thank you for taking the time to join us this morning. Today, I will provide a broad overview of our fourth quarter and full year 2025 results and portfolio actions as well as our financial and strategic outlook for the year ahead. Elizabeth will give a more detailed view in our financial review.

I will also offer recent perspective on our industry engagement, including client discussions around current operating environment and developments around the uses of advanced technologies, including the evolution of

AI. Finally, I will finish with some updates on recent inventions we have introduced into the market to provide some context on how we are leveraging the demand and opportunity.

Turning to the results. I am pleased to share that Verisk delivered solid financial results for 2025, marked by organic constant currency revenue growth of 6.6%, organic constant currency adjusted EBITDA growth of 8.5% and strong free cash flow growth. This growth was in line with the guidance that we provided at the beginning of the year and was achieved despite some temporary headwinds, including a year of very low weather activity. The solid financial results in 2025 close out the three-year period, with growth at or above the midpoint of the long term expectations we set at Investor Day in 2023.

As we look ahead, we continue to have confidence in delivering against our long term growth targets based on the ongoing adoption of data and technology across the global insurance industry and our opportunity to support the needs of our clients and address their objectives with our distinct capabilities.

Before we turn to the strategic discussion, I want to address the two portfolio actions taken at the end of the fourth quarter.

First, we made the difficult decision to terminate the definitive agreement to purchase AccuLynx. We had strong conviction that the acquisition could create substantial value for the insurance ecosystem, and would drive growth and generate strong returns on capital for Verisk. We went to great lengths and made extensive efforts to address FTC requests. That said, following the notice from the FTC that the review would be extended, the opportunity cost of waiting on the sidelines through a long, uncertain and costly approval process was too high, given the rapidly evolving environment.

Second, we sold Verisk Marketing Solutions during the quarter. This transaction is a demonstration of our ongoing active portfolio management and our commitment to focusing on data, analytics and technology solutions for the global insurance industry.

Turning to 2026, the insurance industry is healthy coming off a strong 2025 marked by solid mid-single digit net written premium growth and consistently better year over year combined ratios, reflecting strong overall profitability. This is positive for the industry's interest and capability to adopt and integrate improved data, analytics and technology into their businesses, particularly at a time when efficiency, better risk selection, and the adoption and integration of new technologies are top of mind.

This is one of the reasons I am so pleased to share that Steve Kauderer has joined Verisk to lead our Claims business. Steve brings with him valuable perspective and intensive expertise developed across his three decades of experience working as a consultant at firms including McKinsey, Bain and most recently EY-Parthenon. Steve has focused on advising leading global carriers and brokers on transforming insurance industry workflows using data and technology, including AI and will be instrumental in advancing our client engagement and building on our active partnership with the industry.

Turning our attention to client engagement. We are in constant dialogue with our clients, covering strategic and technological issues, and over the last year, I've been part of many C-suite conversations with chief underwriting officers, chief risk officers and chief claims officers to discuss their AI strategies and how they'd like to work with Verisk in adapting our data, analytics and connectivity to their evolving needs.

There are two common elements in these conversations. One, how can we continue to enhance the critical data that the industry overwhelmingly trusts us to provide, and two, how can we help support practical, safe and

regulatorily approved applications of evolving AI technologies with good ROIs. The unique nature of the insurance industry requires a massive amount of specific and representative data in order to ensure rate adequacy, evaluate claims fairly, promote competition and innovation as well as satisfy the needs of regulators.

High-quality data is critical for accuracy and effectiveness, and Verisk is in a unique position as one of very few providers who currently aggregate data from multiple sources, organize it and normalize it in order to glean insights about risk at a granular level and include that in innovative products and services it files on behalf of our clients.

In fact, Verisk submits over 2,000 regulatory product filings each year on behalf of our clients and our government relations teams interact with all 50 state regulators on a daily basis. And it is this data quality, breadth and organization that is essential to effective AI deployment.

We already have the data infrastructure in place and in many instances, have AI tools built into associated workflows to enhance carrier accuracy and efficiency. In fact, we currently have more than 35 AI-powered projects and solutions for both internal and external purposes in use today, and we have plans to introduce many more throughout 2026.

In order to illustrate this more concretely, I wanted to share one very specific description of our integration of the evolving range of AI technologies into our products, its adoption by our clients and the unique strengths we bring to that process. I recently returned from our Elevate conference in Salt Lake City, where we bring together key participants in the claims process, including carriers, adjusters, contractors and other ecosystem technology partners to discuss technology development and adoption for this professional community that's dedicated to helping policyholders recover from damage to their property.

At the conference, we unveiled the next generation of our AI-enabled estimating products, [ph] XactGen (00:09:47). This product builds on a progression of AI technology that started with XactXpert, which we launched in 2023. XactXpert uses rules-based logic and machine learning to assist estimators with identifying discrepancies in their estimates, providing advice on what questions should be asked and correcting errors based on their employers' established rule set and experience.

XactXpert has been rapidly adopted industry-wide, including by 7 of the top 10 homeowners insurers and now serves tens of thousands of adjusters and estimators. At the conference, a major restoration contractor referred to XactXpert as "an industry game changer." The rapid adoption of the product relied on trust in our proprietary cost and repair data sets that underlies the technology and that estimators rely on for their work and the common process platform in Xactimate that connects industry professionals.

We expanded our offering of advanced technologies in our property estimating solutions in October 2025 with the launch of XactAI. XactAI applies generative AI to the production of initial estimates with content input from the Xactware platform. As part of the conference, I hosted a fireside chat with the CEO of one of the leading adjusting firms who shared his excitement about the AI platform and shared that they are training thousands of their employees on the technology. Again, this solution builds on our established and proprietary data sets as well as the workflows relied upon by carrier claims professionals, independent adjusters and contractors to smoothly settle and resolve a claim, ultimately benefiting policyholders.

And now with the addition of [ph] XactGen (00:11:47), we are adding Agentic AI to handle content gathering from many sources, including aerial imagery providers, policyholder photos and policy information from the carrier,

amongst others, to generate near complete exterior and interior estimates and to facilitate settlement and resolution with the involved parties.

Not only does [ph] XactGen (00:12:12) benefit from the established network of carriers, contractors and adjusters, but we are integrating data and content from the broader network of technology providers who we have incorporated into our ecosystem. This reduces the burden of on-site professionals as they are spending less time gathering and waiting for information and more time with the affected insured client, accelerating the pace of recovery. The feedback was enthusiastic about how this could improve efficiency and help reduce resolution times, which have long been challenges for the industry.

I could take you through similar examples across our other businesses, but the themes and our competitive advantages would remain the same, namely; one, the critical value of our data sets to AI; two, an established industry process and domain expertise to innovate from; three, the importance of existing connectivity to multiple parties in the ecosystem; and four, the ability to invest in innovation at scale and deliver technology across a large installed base, providing an economic advantage to the client and a stronger return on invested capital.

It is these same competitive advantages that we capitalized upon to create growth and value for the insurance industry through prior technology transformations, including digitization, cloud and SaaS.

As our 2025 results demonstrated, our business and economic model are strong as we crossed the \$3 billion mark in revenue and delivered another year of solid growth and profitability, robust free cash flow generation and strong returns on invested capital. We are well positioned to benefit from AI, drive new innovation, further connect the insurance ecosystem and deliver growth in line with our long-term growth targets. We are energized by the opportunity that lies ahead and are looking forward to speaking about our plans in more detail at our Investor Day on March 5.

And now I will turn the call over to Elizabeth.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

Thanks, Lee, and good day to everyone on the call. On a consolidated and GAAP basis, fourth quarter revenue was \$779 million, up 5.9% versus the prior year. Net income was \$197 million, a 6.2% decrease versus the prior year, while diluted GAAP earnings per share were \$1.42, down 1% versus the prior year. The decrease in diluted net income and GAAP EPS was due to non-operating items, including costs incurred in the current year associated with the early extinguishment of debt and net gains on the settlement of investments recognized in the prior year.

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 5.2%, with growth of 7.2% in underwriting and 0.5% in claims. This growth compounded from 8.6% growth in the prior year period, which included the impact of Hurricane Helene and Milton and was delivered despite the temporary headwinds we had called out previously, namely a historically low level of weather activity and a reduction in a government contract. Together, those two factors combined for an impact of approximately 1% to overall OCC revenue growth in the quarter.

For the full year 2025, we delivered OCC revenue growth of 6.6%, marking another year of growth in line with our expectations and in line with our long term targeted growth range. The continued strong growth of our subscription revenues is the clearest demonstration of the ongoing health of our business. Subscription revenues,

which comprise 84% of our total revenues in the quarter, grew 7.7% on an OCC basis, compounding from the 11% organic constant currency increase that we delivered in the fourth quarter of 2024.

The drivers of growth in the quarter were consistent with trends we have seen throughout 2025, including strength across our largest subscription businesses, namely forms, rules and loss costs, catastrophe and risk solutions and anti-fraud. Just a quick note, we have officially renamed our Extreme Event Solutions to Catastrophe and Risk Solutions, which we think more accurately describes the breadth of solutions we deliver to the global insurance ecosystem.

In forms, rules and loss costs, we continue to execute against and realize the benefits of our Coreline (sic) [Core Lines] (00:17:10) Reimagine program, which is driving strong value realization throughout the renewal process. Throughout 2025, we enhanced our engagement with clients both in terms of frequency of meetings and seniority of teams we are engaging with. The net result was over 600 client engagements, including deep dives that have served to help us better understand how our clients are leveraging our innovations, while providing us with feedback on how to continue to enhance our solutions in a rapidly evolving environment.

In total, we released 22 customer facing modules ahead of our target of 20 for the year, with a further 25 modules planned for release in 2026. Once those modules are introduced this year, we will have delivered upon the original scope of the Reimagine investment program. We will continue to drive further enhancement of our proprietary content with additional tools and functionality powered by the evolution of AI, enhancing the value for our clients and for Verisk.

Within catastrophe and risk solutions, we delivered another quarter of double digit growth driven by the expansion of contracts with existing clients, solid renewals, and the addition of new logos, including competitive wins. We are seeing strong interest in Verisk Synergy Studio and clients are expanding their hosting relationships with Verisk in preparation for the launch of the platform later this year.

In anti-fraud, our ecosystem strategy was further enhanced this year through the introduction of new partnerships, bringing us to a total of 18 integrations, offering new features and functionality to the industry standard claim search platform. This has helped us drive strong value realization. Additionally, we have continued to drive growth with noncarrier clients, including third party administrators and healthcare subrogation companies. While we remain in the early stages of commercialization, we are seeing strong interest and uptake in new advanced anti-fraud inventions, including claims coverage identifier and digital media forensics.

Our transactional revenues, which comprise 16% of total revenues, declined 6.5% on an OCC basis in the fourth quarter. The primary driver of the transactional revenue decline was lower volumes in our property estimating solutions business, resulting from continued low levels of weather activity.

As a reminder, the fourth quarter of 2024 included a transactional benefit of slightly less than 1% of total revenue associated with Hurricanes Helene and Milton. Additionally, as we noted on our prior call, softness in our personal lines auto business also negatively impacted growth.

Moving to our adjusted EBITDA results. OCC adjusted EBITDA growth was 6.2% in the quarter, while total adjusted EBITDA margin, which includes both organic and inorganic results, was 56.1%, up 200 basis points from the prior year period. This quarter's margin benefited by approximately 50 basis points from favorable foreign currency translation, with the balance driven by leverage on solid sales growth and ongoing cost discipline.

For the full year 2025, OCC adjusted EBITDA grew 8.5%, while adjusted EBITDA margins were 56.2%, up 150 basis points year-over-year. This margin reflects core operating leverage on solid revenue growth and our continued cost discipline while absorbing the impact of our self-funded investments back into our business to fund future growth.

On a full year basis, foreign currency translation improved margins by 40 basis points. As such, the normalized operating margin would have been 55.8% for 2025. We do not anticipate large foreign currency impacts on our margins as we move into 2026 as we have taken structural balance sheet actions to reduce volatility going forward.

Continuing down the income statement, net interest expense was \$57 million compared to \$35 million in the prior year period due to higher debt balances and interest rates as well as debt issuance costs. This was partially offset by higher interest income on elevated cash balances.

On January 6, 2026, we redeemed the \$1.5 billion in senior notes that were issued in connection with the previously announced planned acquisition of AccuLynx. These notes were redeemed following the termination of the definitive agreement to purchase AccuLynx in accordance with their special mandatory redemption feature. Pro forma for the redemption, our leverage would have been at 1.9 times at year-end.

Our reported effective tax rate was 19.5% compared to 26% in the prior year period. The year-over-year decline was primarily due to tax benefits recognized in connection with the sale of Verisk Marketing Solutions as well as other discrete tax items. On a full year basis, our tax rate was 22.5% as compared to 22.6% in the prior year.

Adjusted net income increased 11.3% to \$253 million, and diluted adjusted EPS increased 13% for the quarter. The increase was driven by solid revenue growth, strong margin expansion, a lower tax rate and lower average share count. This was partially offset by higher interest expense.

For the full year, adjusted EPS of \$7.16 was up 7.8%, reflecting strong operational results and a lower share count, offset in part by higher interest expense and higher depreciation expense.

From a cash flow perspective, on a reported basis, net cash from operating activities increased 34% to \$343 million, while free cash flow increased to \$276 million. On a full year basis, free cash flow increased 30% to \$1.19 billion, reflecting solid operating profit growth and some benefit from the timing of certain cash tax payments and the timing of interest income and interest expense paid.

We are committed to a shareholder-centric deployment of that powerful free cash flow generation. During the quarter, we returned \$286 million through repurchases and dividends. Today, I am pleased to announce our intention to execute a \$1.5 billion accelerated share repurchase program in the coming days, supported by our board's approval of an increase in our share repurchase authorization to \$2.5 billion, inclusive of the previously remaining authorization amount.

After the ASR, we will have a further \$1 billion in authorization, which will provide flexibility for continued open market purchases subject to market conditions. Our board has also approved an 11% increase to our dividend to \$2 per share annually.

As Lee discussed, we enter 2026 with clear strategic momentum and are capitalizing on the substantial opportunity in a rapidly evolving environment. To that end, we are pleased to deliver our outlook for 2026, which builds upon the solid performance from 2025. All guidance figures reflect the impact of the divestiture of Verisk

Marketing Solutions, which contributed \$68 million in revenue in 2025 and was included in our underwriting sub-segment.

Our guidance also assumes current foreign currency exchange rates and current interest rates. More specifically, we expect consolidated revenue for 2026 to be in the range of \$3.19 billion to \$3.24 billion. We expect adjusted EBITDA to be in the range of \$1.79 billion to \$1.83 billion and adjusted EBITDA margin in the range of 56% to 56.5%. This margin compares to the normalized baseline of 55.8% as reported margins in 2025 included a 40 basis point nonrecurring benefit from foreign currency translation that I spoke about earlier.

We expect interest expense to be between \$190 million and \$200 million. This level reflects our plan to use some of our excess balance sheet capacity to execute the \$1.5 billion ASR. We expect capital expenditure to be within the range of \$260 million to \$280 million as we continue to prioritize organic investment in our business, our highest return on capital opportunities.

We expect our tax rate in 2026 to be in the range of 23% to 26%. This range is slightly above our long-term structural rate, reflecting our expectation of a lower level of stock option exercise activity. This culminates in adjusted earnings per share in the range of \$7.45 to \$7.75. We would note that the sale of Verisk Marketing Solutions presents an \$0.11 headwind to EPS.

Specific to the pacing of growth throughout the year, we want to bring a few things to your attention. First, we have tougher comparisons in the first half of the year, as the first half of 2025 benefited from a strong subscription renewal cycle across our largest underwriting businesses in particular.

Second, because of the low level of weather activity in the second half of 2025, we entered the year with a lower run rate of volume in our property repair estimating platform, especially compared to the prior year, which had carryover impacts from the storms in the fourth quarter of 2024.

And third, there is a work stoppage on a certain government contract that started in the first quarter and will impact revenue growth. Taking all this together, we anticipate first quarter 2026 reported revenue will be lower than reported revenue in the fourth quarter of 2025 by a low single digit percentage, given the divestiture of Verisk Marketing Solutions. We do expect growth in reported revenue on a year over year basis and on a sequential basis when normalized for the sale of marketing solutions.

Additionally, we anticipate the first quarter to be the trough, both in terms of reported dollars and growth rates. A complete listing of all guidance measures can be found in the earnings slide deck, which has been posted to the Investors section of our website, verisk.com.

And before I turn the call over to Lee for some closing comments, I'd like to remind you that we are looking forward to hosting everyone at our upcoming Investor Day on March 5.

Lee M. Shavel

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

Thanks, Elizabeth. We are excited about the growth opportunities ahead and have confidence in delivering a year of growth in 2026 that is in line with our long-term growth targets and compounds the solid year in 2025. We continue to appreciate all the support and interest in Verisk. Given the large number of analysts we have covering us, we ask that you limit yourself to one question.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] And our first question comes from the line of Toni Kaplan with Morgan Stanley. Your line is open.

Toni Kaplan

Analyst, Morgan Stanley & Co. LLC

Q

Thanks so much. Lee, you mentioned that you recently had many conversations with your clients. And so, I was wondering when you are talking to them, would they prefer to be the ones to use your data to create AI products themselves so they have an advantage versus other insurers, or would they prefer that you create the AI products so that they don't have to spend the capital doing it? And maybe also, are they able to use your data as an input into third-party AI products? Thanks.

Lee M. Shavel

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

A

So, I'm just going to recap briefly. The question from Toni is: to what extent are clients looking to utilize your data and Verisk's applications relative to their own applications? And my answer was there really is a range from our largest, most sophisticated clients who emphasize that they want to use our data, in many cases are looking to develop their own AI applications, but also interested in what they can leverage in terms of what they're doing on existing either underwriting or claims applications. And from smaller and mid-size, there is more of an interest in relying on the AI functionality that we're integrating into our product and process, given their scale and desire to achieve a faster return on investment. So, that's in essence the response to Toni's question.

Toni Kaplan

Analyst, Morgan Stanley & Co. LLC

Q

Thank you.

Operator: Our next question comes from the line of Manav Patnaik with Barclays. Your line is open.

Manav Patnaik

Analyst, Barclays Capital, Inc.

Q

Thank you. Lee, maybe just to follow up on that question to a certain extent. You've talked about the softwarization of Verisk over the years. I was just curious how much of the software and analytics that you sell come tied with the data that you have versus separate? And how those relationships and contract structures might change in this new environment?

Lee M. Shavel

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

A

Yeah. Thanks, Manav. Also a great question. And I think the primary application of software in our context is in the delivery of data and the integration of the ecosystems to deliver the data and the outcomes that facilitate improved efficiency and functionality of those ecosystems. So, it's inherently a data delivery device and a data connectivity element that is integral to that core process.

And I think we see that in whitespace, we see that in the Core Lines Reimagine upgrades where we have provided new connectivity and deeper connectivity to our datasets. On the claims side, the Xactware function and the anti-fraud functions are software delivered, but at the core it's a data and analytics function. Some of the smaller businesses, like our life business, is going to be a policy administration system. But it is tied to data and is delivering significant economic benefits to participants within that marketplace. But the predominance of our software footprint is related to that data delivery and integration function.

Operator: Next question comes from the line of Faiza Alwy with Deutsche Bank. Your line is open.

Faiza Alwy

Analyst, Deutsche Bank Securities, Inc.

Q

Yes. Hi, thank you. So, also wanted to follow up on the same topic. And I guess, I wanted to ask that as you're rolling out these new technologies, do you expect to see sort of better ability to take pricing for the value that you're providing, and if there's any differentiation in terms of customer type? And similarly, what does this mean for margins in terms of cost of innovations versus the efficiencies that you're now able to generate?

Lee M. Shavel

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

A

Yeah. Thank you, Faiza. So, all of our businesses are fundamentally value-driven from a pricing standpoint. And I think there are kind of two key elements. One is: are we able to make that investment, monetize it, and deliver that functionality at a lower cost relative to what our client is able to deploy? And are we able to find new uses of data that create value through our client's utilization of AI? Both of those are, one, should drive incremental revenues because we are creating value for the client and as we are with a number of our investments, looking to participate in that value creation.

From a margin standpoint, I think the incremental margin on the use of that data, I think there's inherent operating leverage associated with that that's beneficial. And we are also implementing AI in a variety of contexts that improves the productivity of the functions, whether it's on the coding side or whether it's on the data ingestion or data normalization function, that is beneficial from an operational standpoint. And so, we do believe that this is supportive of our operating leverage and serves to fund a lot of the investment that we're making in AI.

Operator: Next question comes from the line of Andrew Nicholas with William Blair. Your line is open.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Hi, good morning. Appreciate you taking my question. Wanted to switch gears a little bit and just talk about the transactional growth or declines of late? And maybe Elizabeth if you could speak to the path to recovery there, I appreciate all the commentary on first quarter. But as we think about kind of the acceleration of that line over the course of the year and looking ahead to 2027, do you feel like that's a line that can grow organically at some point in 2026, or what are the different levers there that we should have in mind? Thank you.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks for the question, Andrew. In the – let me start with, in the fourth quarter itself, really the primary contributor to that drop is the comparison to the storms in the prior year, and that makes up by far the bulk of that

decline. There's other areas of tough comps and some of the temporary factors that we talked about. There's also other areas of strength in that – underlying fourth quarter transactional growth, such as the securitization.

If you look at it on a three-year basis, it is still a three-year positive CAGR on the transactional side. And there have been a couple different factors that moved through. In 2024, there were challenging comps to the double-digits in the prior year. There was also the conversion of transactional revenue to subscriptions, which was kind of throughout some of 2024 and some of 2025. And then more recently in 2025, we've had some of the tougher comps on weather and lower weather volumes, as well as the auto side. So, all those things that we do expect to work through those through the first half of 2026 and do over the long term expect transactional revenue to be a source of strength.

Andrew Nicholas

Analyst, William Blair & Co. LLC

Q

Thank you.

Stacey Jill Brodbar

Head-Investor Relations & FP&A, Verisk Analytics, Inc.

A

Question.

Operator: Next question comes from the line of George Tong with Goldman Sachs. Your line is open.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Hi, thanks. Good morning. For your guidance for 2026 EBITDA margins, it looks like you're looking for not a significant amount of margin expansion. Can you discuss some of the puts and takes you're embedding into your margin outlook for the year in terms of balancing investments with cost efficiencies?

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah. Thanks for the question, George. So, first of all, we look at it – we should look at 2025 on a normalized basis. While the reported margins were 56.2%, we did call out that that included 40 basis points of foreign currency translation, kind of balance sheet impact that we don't expect to continue. So, we view the normalized – the operational baseline as 55.8%. The 56% to 56.5% guidance does show modest but meaningful margin expansion from there, which balances the efficiencies that we're able to get in our business, the operating leverage that we continue to expect, while managing to significantly fund exciting investments in some of the AI products that Lee had talked about.

George K. Tong

Analyst, Goldman Sachs & Co. LLC

Q

Got it. Thank you.

Operator: Next question comes from the line of Kelsey Zhu with Autonomous Research Portal. Your line is open.

Kelsey Zhu

Analyst, Autonomous Research US LP

Q

Hi, good morning. Thanks for taking my question. I was wondering if you can talk a little bit more about any recent changes to the broader selling environment or sales cycle that you're seeing as the P&C insurance industry transitions from hard to soft markets. I think the profitability of the carriers should improve and that theoretically should translate to better budget environment for data and analytics. So, just curious if you're seeing or hearing that from your customers? Thanks a lot.

Lee M. Shavel

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

A

Sure, thank you, Kelsey. Glad to address that. So, I would say that, cautiously, I think we are seeing an improving sales cycle in this. And as you've indicated, as we've seen a normalization on the net written premium growth, there's always a growth motivation from the carriers. There is obviously always a risk and a profitability focus on their part.

And in a lower growth environment, I think there is a tendency to look – to utilize more tools, whether it's data or analytics, to help them understand where their opportunities for profitable growth are and how their risk assessment can be improved in a more difficult environment. And so I think that, that along with the heightened profitability that they have experienced, gives them the resources as well as the motivation to explore more interest in selling.

And then that ties into I think the opportunity on the AI side to see how that is additive to their functions from a process and from an efficiency standpoint. So I would say we view that as a net positive environmentally.

Operator: Next question comes from the line of Greg Peters with Raymond James. Your line is open.

C. Gregory Peters

Analyst, Raymond James & Associates, Inc.

Q

Good morning, everyone. I guess, I'm going to focus my question on the annual price increases in OCC. Lee, you mentioned how you've been talking with your customers, and I'm curious about the feedback they're providing you on the annual price increases that are embedded into your contracts. And maybe Elizabeth, if you can remind us when we think about 2026 or 2027, what component of OCC will include or be benefited by the price increases that you expect to get?

Lee M. Shavel

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

A

Yep. Thank you – thanks, Greg. Let me start off and then Elizabeth will follow up. So, I think the general comment that I would make, and it's more than what we are hearing although the hearing – what we're hearing from clients has been positive. It's also in terms of what we have been able to achieve in our longer term, multi-year contracts with our largest customers. And so what we are hearing is a clear recognition of the value of the investments that we have made to improve and digitize a lot of those datasets, providing more access, more functionality, more insights to what we're doing, and more connectivity.

So I'll talk about it first on the underwriting side. The ability to provide more frequent updates, for instance, on our loss experience that we're now providing quarterly within that business is a clear value enhancement for our clients to be able to see the trends more accurately.

The broader industry insights within lines of business has been well-received. And so they have felt as though they are getting more value. They've seen the investments that we've made and that's translated into strong

renewals, with annual increases that reflect the value that our clients are driving. This goes back to the point that all of our growth is value-oriented, and that's what we are hearing and that's what we're experiencing.

Similarly, coming off of the Elevate conference in our claims property estimating solutions area, the – our success in integrating now over 140 ecosystem partners has provided a lot of value and improved connectivity for our clients that has been very well-received. It has reduced their costs and effort of purchasing the incremental analytics or functionality that those players provide, which creates value for them and provides new sources of data to assess their operational performance.

And so, similarly, notwithstanding kind of the weather dynamics, we've gotten very positive feedback and engagement from clients around how they see the value, and that naturally supports the pricing environment. So that's the way I would describe it, Greg, and I'll turn it over to Elizabeth to add her perspective.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, I think that was a great perspective. Not too much to add because, Greg, we don't give sort of specific annual price ranges per year. There's a wide range of outcomes for the carriers. I think, in general, we'd comment that after three years of historically very strong pricing environment, it may be modestly coming down versus the prior year, but still historically very strong, reflecting the value of the solutions that Lee talked about.

Operator: Next question comes from the line of Scott Wurtzel with Wolfe Research. Your line is open.

Scott Wurtzel

Analyst, Wolfe Research LLC

Q

Good morning, guys, and thank you for taking my questions. Just wondering if you can give an update on sort of the competitive dynamics on the auto personal lines side of things. I know that that's been a little bit of a headwind to growth, but just wondering if you can give an update on some of the maybe actions you're taking to maybe stem some of those competitive dynamics? Thanks.

Lee M. Shavel

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

A

Yeah. Scott, thank you very much for the question. I'm going to turn over to my colleague, Saurabh Khemka, who has responsibility for our auto underwriting business, to share some color there.

Saurabh Khemka

President, Underwriting Solutions, Verisk Analytics, Inc.

A

Yeah, thanks, Lee. So, as I've looked at the business, we see the challenges in the business come from, first, the one-time revenues that peaked in 2024 and is minimal now due to the lack of demand for non-rate action products. And then secondly, where we have products that are not differentiated in the marketplace, and that's where the competitive challenges come from, and we'll work through those challenges through 2026.

But where we're focused on is delivering differentiated analytics that drive long-term subscription growth. And to that end, we've launched a new enhancement to our flagship Coverage Verifier product that delivers new ratable insights at the point of growth. Now, this is an innovation that is the subject of almost all our client conversations today, and we're encouraged by the interest that they are seeing in this solution. So, our focus going forward will be on these differentiated analytics that drive long-term subscription growth.

Operator: Next question comes from the line of Jason Haas with Wells Fargo. Your line is open.

Jason Haas

Analyst, Wells Fargo Securities LLC

Q

Hi, good morning, and thanks for taking my question. I wanted to follow up on some of the margin commentary. Correct me if I'm wrong, but I was getting about a 60 bps tailwind from the divestiture of VMS. So, that would mean that all – that's right, I mean, basically all the margin expansion you're guiding to is coming from that. So can you talk about – if that's all correct, can you just talk about why there's no margin expansion ex the VMS divestiture for 2026? Is it investment in the business, and how should we think about like the long-term trajectory margins going forward? Thank you.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks, Jason, for the question. I'm not sure where you're getting that VMS comment. We can take that offline with you. But there may be other elements in that – in some of the M&A line, there are some acquisitions as well. So let us take that offline. We are still exhibiting operating leverage across our businesses to deliver margin expansion.

Operator: Next question comes from the line of Henry Hayden with Rothschild & Co Redburn. Your line is open.

Henry Hayden

Analyst, Rothschild & Co Global Markets Solutions Ltd.

Q

Yeah. Hi everyone. Thanks for having me on. We had a follow-up on the cross-sell environment as carriers are improving their profitability. You mentioned module deployment has been very strong, but any incremental color you could give on adoption of these modules would be very helpful. And then as you move past Core Lines Reimagine, how you're thinking about what drives the next leg of pricing and the sustainability of those increases? Thanks.

Lee M. Shavel

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

A

Thanks, Henry. So, I'll take the first part and then turn it over to SK on the incremental functionality on the Core Lines. So in terms of module adoption, I think the – what we are seeing is that, having introduced this, the clients to varying extents have adopted and adjusted that new functionality. But it is a process, in some ways, of training the clients and their employees on how to utilize it effectively. And so we have been dedicating a lot of time to training for our clients to make certain that they're getting as much value as possible out of those modules.

None of that suggests that the clients don't see the value, and we've heard that repeatedly. In fact, clients have told investors, when asked the question, that they have seen significant productivity gains. But we will continue to work to make sure they're getting as much value of those enhancements as possible. At our upcoming Verisk insurance conference, we often couple that with extensive training opportunities for them to understand what's available to them. So I think we will see continued uptake and continued value realization as our clients become more familiar, and then we'll continue to enhance that as I'm sure SK can describe.

Saurabh Khemka

President, Underwriting Solutions, Verisk Analytics, Inc.

A

Yeah, absolutely. So, two things: one, the original scope of Reimagine is what we're talking about in terms of completeness. So we will put all our content on this digitized new platform, and the adoption of that platform will continue and the adoption of these new analytics will continue.

The second thing I would say is that we have really created a culture of continuous innovation through Reimagine. So as we now have this platform, we will continuously innovate on the underlying content and put it on the platform that will drive new use cases for our customers, like AI. As Lee mentioned, a lot of these use cases drive better insights but also drive productivity gains. So we see continuous opportunities for us to drive value for our customers.

Lee M. Shavel

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

A

And let me add to that, Henry. One thing that I'll – to tie in the AI component is, we have asked SK and our colleague, Tim Rayner, who runs our UK businesses and the SBS, to partner – to think about what our enterprise AI strategy is, with an orientation to product implementation and understanding how our clients are working with the technology.

So many of the lessons and the successes that we've had in identifying how we can improve that technology, understand what our clients' needs are, are going to drive that close integration of the AI opportunity as well, which we think will continue to increase the value of what we've done with Core Lines.

Operator: Next question comes from the line of Judson Lindley with JPMorgan. Your line is open.

Judson Lindley

Analyst, JPMorgan Securities LLC

Q

Hey, guys, this is Judson on for Andrew. Thanks for taking our questions. First, I just wanted to ask, Lee, when you look at Verisk's most sophisticated clients in terms of willingness to adopt AI, do you think these clients are using more or less of Verisk's data today, and why?

And if I could just follow up quickly on some of the color you provided about the first quarter revenue guide. I think you're expecting it to be down low single digits on a sequential basis. Could you just help us think through what that might mean on an organic constant currency basis year-over-year? Thank you.

Lee M. Shavel

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

A

Great. Thanks Judson. I'll let Elizabeth handle the second part of that on the revenue guide. In terms of your first question, I think the way that we see it, and it's very similar to other technology deployments, and if you think about what the primary driver of our ability to grow at a faster rate than the insurance industry has been the ongoing adoption of technologies that utilize the datasets that we are able to gather and normalize across the industry.

And so when we have these AI strategic alignment discussions, it's clearly founded on a recognition that the underlying data that we are able to provide, one, that has kind of industry-wide value; two, is more efficiently gathered through a trusted third party; and which can be integrated easily into existing processes because of our connectivity. That is fundamentally as valuable in an AI context, if not more so, and that AI is improving the productivity of core underwriting functions, claims functions, risk management functions. And so it becomes an

incremental opportunity to use that dataset to inform those decisions more effectively, and I think there is an understanding from our clients that that will enhance their value.

And in fact, it may – that we see an opportunity to expand those datasets in a more connected environment. We have talked in the past about the development of new datasets in the excess and surplus market, which I think has been driven by this trend of being better able to connect and associate datasets leveraging the connectivity that we have with P&C carriers that are writing both admitted lines and excess and surplus lines, as well as greater connectivity in the specialty market where we are beginning to see more requests for data and analytics to support that market.

So I think from our perspective, this clearly is an opportunity to utilize that valuable, more efficiently gathered and connected dataset to support the implementation of that technology, similar to what we have had – what we've seen in the past. I'll turn it over to Elizabeth to talk about your question on the first quarter revenue guide.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks Judson. And your question, Judson, was on the first quarter OCC revenue growth. We don't give that in specific. We do give you a lot of the ingredients necessary. We talked about the Verisk Marketing Solutions business on a full year basis, and you can think of that as a quite even quarterly spread, if that's helpful.

So, we were calling out some of the pressures and the headwinds from the temporary factors as continuing in the first quarter from the fourth quarter. In addition, there were some areas of, we called out, some areas of outperformance and strength in the fourth quarter and the first quarter being facing some tough comps particularly on the subscription side. So we just wanted to – between those things, we wanted to call out that we saw the first quarter as the trough from a growth standpoint, with that continuing to improve over the balance of 2026.

Operator: And our next question comes from the line of Ashish Sabadra with RBC Capital Markets. Your line is open.

David Paige

Analyst, RBC Capital Markets LLC

Q

Hi, good morning. Thank you for taking our question. This is David Paige on for Ashish. Maybe just following up on that last question. Can you remind us what percentage of revenues are derived from contributory data sources? And then maybe at a high level, how should we think about the AI moats across your different business segments, particularly as I guess investors are concerned about vibe coding potentially impacting vertical software or just workflow solutions in general? Thank you.

Elizabeth Mann

Chief Financial Officer, Verisk Analytics, Inc.

A

Yeah, thanks a bunch for the question, David. And I think this is something also that we'll continue the discussion at Investor Day. In terms of – I think Lee talked about the data that is an input really across most of our businesses. To be very concrete on the contributory data, I've sometimes said, as you look at our revenues, it's primarily the forms, rules, and loss costs and the anti-fraud that are built on those industry-wide contributory solutions.

Elsewhere in our business, we have some elements potentially of contributory data and significant proprietary data and analytics. So we think that really most of our business has a lot of defensibility to it with those strong data ingredients, and we'll talk more about it in a few weeks.

Lee M. Shavel

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

A

Yeah, and it's both the – apart from the contributory datasets, as Elizabeth was describing, there also is an element of proprietary datasets. For instance, in our property estimating solutions, embedded in the value of what we provide apart from materials and labor costs, which are located – that are identified and utilized kind of specifically for estimates, an understanding of what a repair entails in terms of materials or labor costs is an aspect of that proprietary nature, and there is also an element of – it becomes a reference point that the claims professionals at the carriers, the adjusters, and the contractors use to facilitate resolution of that claim. So it becomes an established industry standard that has a valuable proprietary content because all participants understand how that is derived and it's kind of been established as a base point.

To your question on vibe coding, it relates in some way to the question around software that we had earlier. And this is where the nature of our software is one for the delivery of the datasets, not so much the underlying software itself, as well as the connectivity that that software or that platform provides.

And so simply the function of AI-driven or vibe coding isn't – doesn't, in our view, represent a threat to the fundamental data differentiation and connectivity differentiation that we provide. We think that that's a very different software proposition. In some ways, I liken it to the securities exchanges where they are providing connectivity to a large and complex group of market participants. It's a very similar dynamic within our business.

But I'll also use this as an opportunity to advertise and encourage you all to attend our Investor Day where we will be going through the business and talking about those components from a data, from a software standpoint, from a competitive differentiation for each of our businesses to far greater detail and better texture than we can provide in this call.

Operator: Ladies and gentlemen, that concludes the question-and-answer session. Thank you all for joining in. You may now disconnect. Everyone have a great day.

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.