



NEWS RELEASE

# Verisk Launches Solution for Insurers to Assess Underwriting Models and Variables for Unfair Discrimination

11/15/2023

Fairness-as-a-service solution helps insurers address potential regulatory testing requirements

JERSEY CITY, Nov. 15, 2023 (GLOBE NEWSWIRE) -- Insurers now have a proven method to help assess their pricing models for unfair discrimination against certain protected classes, like race. Verisk (Nasdaq: VRSK), a leading global data analytics and technology provider, today announced the launch of FairCheck, a solution designed to help insurers test their personal lines models and variables to respond to regulatory changes. FairCheck comprises a customizable, scalable methodology and consultative service to help evaluate and mitigate the potential for unfairly discriminatory outcomes, including in advance of regulatory filings.

As the use of predictive models and similar automated tools increases, coupled with a heightened focus on diversity, equity and inclusion, there has been enhanced regulatory scrutiny around the effectiveness of modern techniques to safeguard against unfairly discriminatory outcomes. Verisk's solution can help insurers respond to these developments and meet their unique needs in different states.

"We took a proactive approach in assessing our own personal auto rating model to determine whether there were unfair pricing differentials regarding race," said Adrian Cuc, senior vice president of analytics at Verisk. "We discovered that race was not a contributing factor in our model. The analysis serves as a foundation for our FairCheck solution that is customizable to assess individual insurer models, different variables within their models and various geographical regions for potential unintended bias. It is a meaningful step in measuring and understanding what impact, if any, race may play in insurer pricing models. By understanding its potential impact, an insurer can determine whether they need to begin to evaluate and mitigate the potential for unfairly discriminatory outcomes."

Verisk has longstanding historical practices and protocols to protect against unfair discrimination related to the ratemaking process, while supporting actuarially sound, cost-based pricing. With one of the largest insurance databases, it was able to test and develop a methodology to effectively investigate the role of race in personal lines pricing models and variables and quantify its contribution to loss costs. The results of the analysis were published in the white paper, "**Assessing for Unfair Discrimination with Respect to Race in a Personal Rating Model.**"

Verisk's methodology was reviewed by the Maguire Academy of Insurance and Risk Management in the Haub School of Business of Saint Joseph's University.

"It is quite obvious that Verisk put much thought into the process for this study," said Michael Angelina, executive in residence of the Maguire Academy of Insurance and Risk Management. "As Verisk is taking a leading role in this equity in insurance initiative, getting the approach correct is imperative, and I believe that they have developed a robust process."

With its proven methodology and team of experts in government relations, actuarial science, data science and analytics, Verisk is equipped to help support impartial underwriting and rating outcomes that benefit insurers, regulators and consumers alike.

"Our team took a rigorous and objective approach to analyzing and developing a methodology that helps ensure equitable insurance offerings for all," said Neil Spector, president of Underwriting Solutions at Verisk. "The insurance regulatory landscape is constantly evolving, and with our vast data and leading compliance and regulatory services, we're uniquely positioned to help the industry adapt and respond to changes."

## **About Verisk**

Verisk (Nasdaq: VRSK) is a leading strategic data analytics and technology partner to the global insurance industry. It empowers clients to strengthen operating efficiency, improve underwriting and claims outcomes, combat fraud and make informed decisions about global risks, including climate change, extreme events, ESG and political issues. Through advanced data analytics, software, scientific research and deep industry knowledge, Verisk helps build global resilience for individuals, communities and businesses. With teams across more than 20 countries, Verisk consistently earns certification by **Great Place to Work** and fosters an **inclusive culture** where all team members feel they belong. For more, visit **Verisk.com** and the **Verisk Newsroom**.

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Source: Verisk Analytics, Inc.