



3D visualisation should encourage underwriters to play a more active role

# Animation could prove 'pivotal' to future risk analysis in insurance



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Effective use of animation can convince underwriters to offer terms on risks they have declined to write previously, significantly reduce the time from risk assessment to contract and generate premium savings for the insured, according to a newly appointed Lloyd's broker.

Haydn Hertz, founder and director of 3 Dimensional Insurance, has already used animation to secure a construction arrangement with a range of London market underwriters with capacity per project in excess of £100m. He told *Post* another animation resulted in a saving of more than 20% on the previous year's premium from an underwriter that would not normally have offered terms.

3DI has been formed by combining the respective businesses of Hertz and his business partner and fellow director Keith Langton. Both previously acted as appointed



**Visualising risk:** A screenshot of a 3DI site construction animation

representatives, transferred their business earlier this year following FSA approval and obtained Lloyd's broker status this summer.

Hertz believes animation could play a "pivotal" role in insurance buying, and said securing Lloyd's status was essential as "we see this as potentially more of a global offering than a UK one".

He said there are no set revenue targets, as 3DI is a £12m gross written premium broker in its own right: "We are not under pressure to sell the concept or for animation in insurance to be a success because we have the security of knowing that, if we do

nothing else, we have a very good business anyway."

## Industry laziness

Hertz originally viewed the animation thinking his property clients could benefit from it in planning applications. "It took my brain a little while to click into gear, but I suddenly saw how this could be used for insurance," he said, before putting it to the "litmus test" with a construction underwriter, adding: "Unless the underwriters agreed it had potential, it was going nowhere."

"People ask whether we will try and patent this. Of course not;

I didn't create insurance, and I certainly didn't create animation, but you could argue this industry is a little lazy; it is not using technology that is readily available."

Hertz believes the visualisation of facts and figures in a real-time animated format will also encourage underwriters to take a more active role and serve as a 'pull' demand for this form of risk presentation. "Underwriters have a massive skillset that is not often called upon; this encourages them to become involved in the risk rather than just writing it."

## Costs question

Challenged on whether the 20% cost saving was due to the risk's 3D presentation or competitive market forces, Hertz told *Post*: "I can't say what premium the client would have been offered without the animation, but it obtained terms from people that categorically said they wouldn't offer them without seeing the risk in this way. It was a rubber manufacturer and the underwriter was able to get comfortable with its position on site. Price is, of course, relevant but this could be the difference between getting cover and not getting it, or obtaining wider cover."

Despite the client cost attached to producing the animation, Hertz said he believes this helps eliminate moral hazard: "The insurer instantly knows the client has spent money, and that real time and effort has gone into the presentation of their risk."

Returning to the 20% saving example, he explained the animation prompted a debate about security and removal of the underwriter's need for round-the-clock security guards. "Even including the cost of the animation, the client was still looking at a 13% premium saving," he said.

## How animation in insurance works

3DI collates the information underwriters need in order to assess risk and turns it into a three-dimensional film – irrespective of whether the risk physically exists or is just at conceptual stage. Supported by traditional broking skills, the risk can then be viewed as an animation on any technology platform.

For example, the underwriter can 'walk around' a business park on screen, navigating to view the

dimensions of each building or distance between roads and other key elements. Specific site aspects can be inspected with a click without having to physically visit it.

Equally, a construction project can be viewed in a similar way before the ground has even been broken. You can watch each sector of the build grow, taking in depths of footings, heights of cranes, volumes of buildings and security needs.

Timelines and data are incorporated – appearing in the film at appropriate times – showing, for example, declared values, rental sum insured or occupation of tenants. Voiceovers can explain the risk in more detail, personalising the information to offer the insured the best opportunity of the risk being written at the best terms.

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