

In\$urance CIO Outlook

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SMART RISK[®]
Minimize Risk - Maximize Performance



The annual listing of 10 companies that are the forefront of providing Risk Management consulting /services and impacting the industry



Technology Solution for Underwriting & Risk Management



◀ Timothy Corbett

A whopping million dollar Professional Liability (PL) claim was recently filed against a major design firm. And while that makes a catchy headline, an effective risk management program for avoiding claims cannot be understated. For design and construction professionals, in particular, an established risk assessment process would streamline their risk management program's effectiveness, assess risk, improve practice management efforts, help avoid claims, and ultimately assist the business achieve their business objectives. Enter SmartRisk. Founded in 2005, the California based consultancy provides risk and performance consulting services via cutting-edge technology based risk assessments for firms and projects.

As an industry veteran with a broad background in the design and construction industry, Timothy Corbett explains that practice management, which includes a firm's operational or business management processes, drives 75 percent of claims against design and construction professionals. Having witnessed the gaps in the traditional underwriting process firsthand while working as a product line for industry leading insurance carriers, Corbett explains that the traditional underwriting process cannot obtain the necessary details related to the overall business practices in the primary causes of risk leading to claims. Traditional underwriting using historical claims data based on discipline, location, revenue, services, claim history, and project type and then utilizing a generalized underwriting model to determine exposure and premium. This creates a functionality gap, making the process less accurate and ineffective evaluating the real areas driving risk and litigation.

Realizing the need to close the existing gap in the way insurance carriers evaluated design and construction firms, Corbett founded SmartRisk in 2005. The California based consultancy provides risk and performance consulting services via cutting-edge technology based risk analysis process of firms and projects. SmartRisk enables the development of firm specific risk management solutions that identifies areas

of risk, methods to mitigate exposures, improve performance, leading to reduced insurance costs. As an easy and effective method for analyzing risk for design and construction management firms, SmartRisk developed the SR Risk Profile—a computer-based risk assessment aimed at identifying risk, liability exposures within an organization based on responses to a risk questionnaire. It provides a deeper-dive analysis of a firm's overall operational procedures, applied practices, business, and risk management efforts. From an insurance carrier, underwriting standpoint, these firm specific risk assessment profiles, provide an underwriter a much better understanding of the key categories, risks, and exposures of a firm, above and beyond any traditional underwriting approach currently in the market. It helps the insurance carrier improve their risk selection of accounts, sharpening their pencil in determine terms and premiums, and improve overall profitability of their book of business. "I have spent over 3000 hours, processed over 25 years of data, and looked at reports representing over 25,000 claims that cost over \$850 million in loss prevention and claim expenses. Based on that research, I've created specific risk profiles aimed at enhancing the underwriting process, improving efficiency, as well as providing a firm specific risk profile report for a firm - a value-added service and market differentiator for an insurance carrier," asserts Timothy Corbett, Founder and President of SmartRisk.

SmartRisk breaks down the key categories of risk and liability exposures that drive claims in up to ten specific categories based on extensive data related to the design and construction industry around risks, claims, projects, contracts, trends, and applied best



I have spent over 3000 hours, processed over 25 years of data, representing over 25,000 claims costing over \$850 million in claim expenses resulting in identifying the key categories that drive claims and litigation, and best practices for mitigating risk

practices. Creating these profiles is similar to creating a personality profile such as MMPI, Caliper, or Myers Briggs. By using a questionnaire (and interviews for Pro10X) related to the business practices and operations that impact claims and litigation against those firms, SmartRisk conducts an in-depth risk analysis of risk management knowledge and practice management efforts of the firm. The company then provides them with their specific SR Risk Profile Report, which includes the risk ratings alongside the recommendations for improvement in areas of concern, as needed. It is accomplished through the SR Risk Management Action Plan, which outlines categories where improvement is recommended along with a Certificate of Completion for the records. It makes SR Risk Profiles not just an upfront underwriting tool but also a unique value-added service. "As these profiles help reduce risk and claims, they result in effective risk management which enhances the overall profitability for the insurance carrier. The process helps in determining the risk factors and creating a better risk profile, which eventually leads to improved

profitability for insurance carriers. Carriers have demonstrated their confidence in the process by providing premium credits, or cost sharing," says Corbett.

Under Corbett's leadership, SmartRisk has created a unique niche in the market, supporting architects, engineers, environmental consultants, contractors, and construction managers. The company aims to improve overall performance, profitability, and lower insurance cost through firm-specific risk analysis and implementing tailored risk management solutions. Corbett envisions that as technology leads the insurance industry into the 21st century, the traditional underwriting process would change and SmartRisk aims to be at the helm of this transition. "We cover the whole spectrum by helping insurance carriers, agents, brokers, reinsurers, as well as design and construction firm by providing a value-added service to all parties. Our next step would be to find the right client - insurance carrier, agent, broker, consulting firm interested in using our technological expertise and integrating it into the traditional underwriting, risk analysis process, risk management service offering" states Corbett. **IO**