



Insurance Solutions

17 October 2013



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Mark Kelsey

CEO Risk Solutions and Business Information

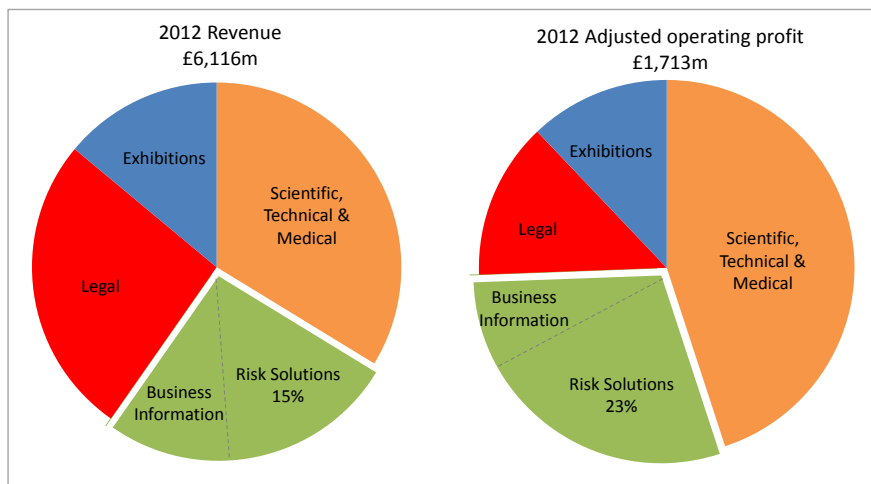


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Risk Solutions (LNRS): Major part of Reed Elsevier today



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What is Risk Solutions?

- We use data, technology and analytics to help customers
 - Manage risks associated with individuals
 - Prevent fraud
 - Ensure compliance
 - Operate more efficiently
- Leading positions in insurance, financial services, corporate and government
- Strong growth potential from continued expansion in existing markets, investment in attractive adjacencies and international expansion

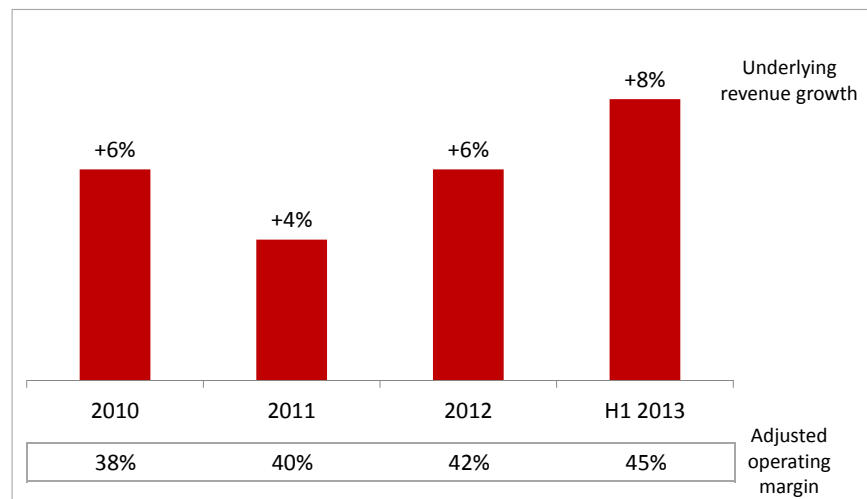


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Risk Solutions financials



Adjusted figures are stated before amortisation of acquired intangible assets, exceptional restructuring (none in 2012 and 2011) and acquisition related costs, disposal gains / losses and other non operating items and anomalous tax effects

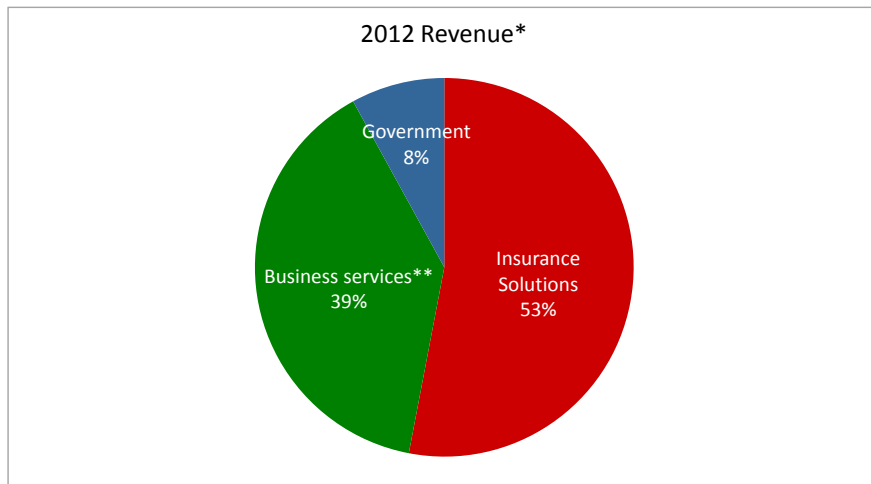


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Risk Solutions business segments



*Proforma revenue excluding Screening Solutions sold February 2013

** Primarily supplies financial services and corporate

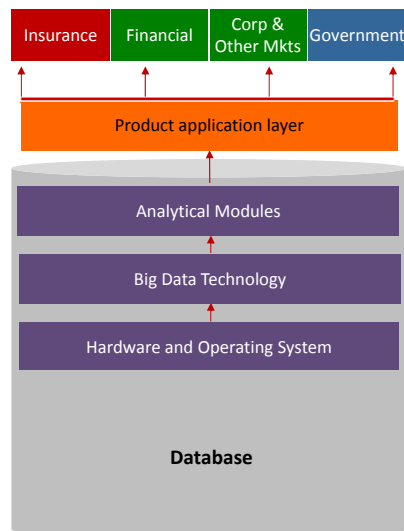


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We configure our capabilities to deliver solutions across our verticals



Industry expertise

- **Deep** industry knowledge
- **Integration** into critical customer workflows

Technology

- **Advanced analytics** for identity verification, linking and risk decisioning
- **Industry-leading** HPCC "Big Data" technology

Data

- **Comprehensive** contributory insurance databases (253m claim records)
- **Most comprehensive** database of US public records (36bn records)



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Strategic priorities for driving organic growth

Core Markets

1. Continuous product innovation to improve customer outcome; effectiveness, efficiency and compliance
2. Drive deeper into innovative applications and increased penetration across customer workflows

Adjacent Markets

3. Pursue growth in attractive adjacent markets where LNRS' core strengths can be leveraged

International

4. Address international opportunities in selective geographies: leveraging skill sets, technology, analytics and experiences



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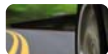



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Bill Madison

CEO Insurance Solutions

LNRS provides vital contributory and external data and analytics to the US insurance industry

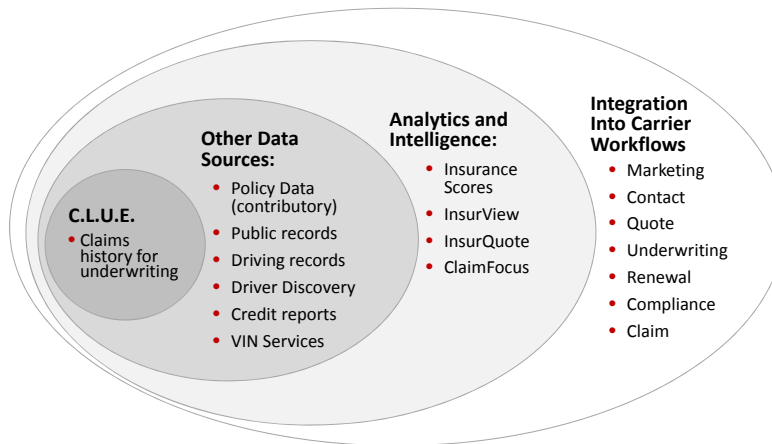
		Carriers	Direct written premium	Information spend
	Auto	891	\$175bn	\$1.6bn
	Life	1,310	\$160bn	\$1.4bn
	Home	913	\$82bn	\$0.5bn
	Commercial	1,297	\$108bn	\$0.4bn
Total			\$525bn	\$3.9bn

Source: A.M. Best Company

Our expertise and product solutions enable carriers to:

- Make better and faster risk underwriting decisions
- Make more accurate policy pricing decisions at issue and renewal
- Reduce claim losses using advanced data & fraud detection analytics
- Streamline the customer application and policy management process

Starting with the contributory C.L.U.E. database, we have evolved a broad offering of data and analytics delivered through a single point of entry

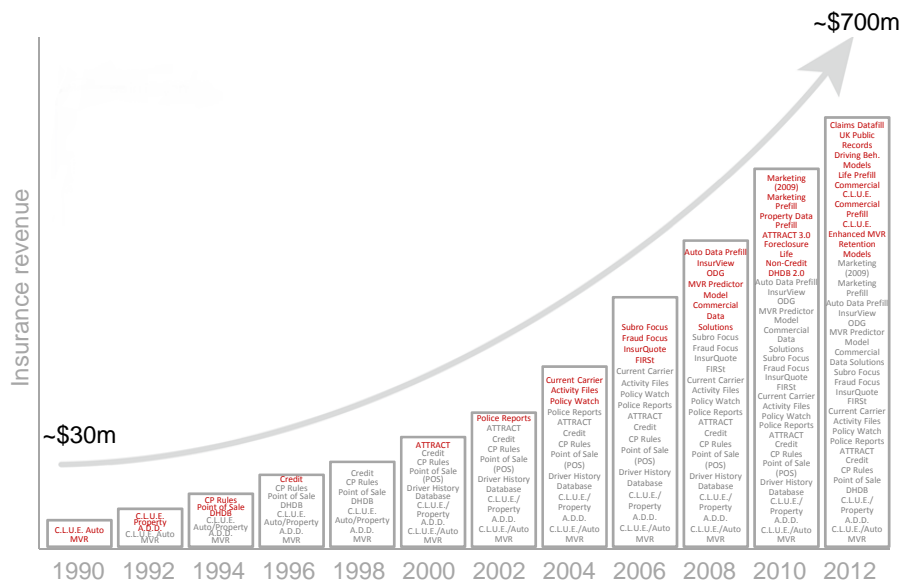


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Innovation has been a driver of insurance revenue growth since 1990

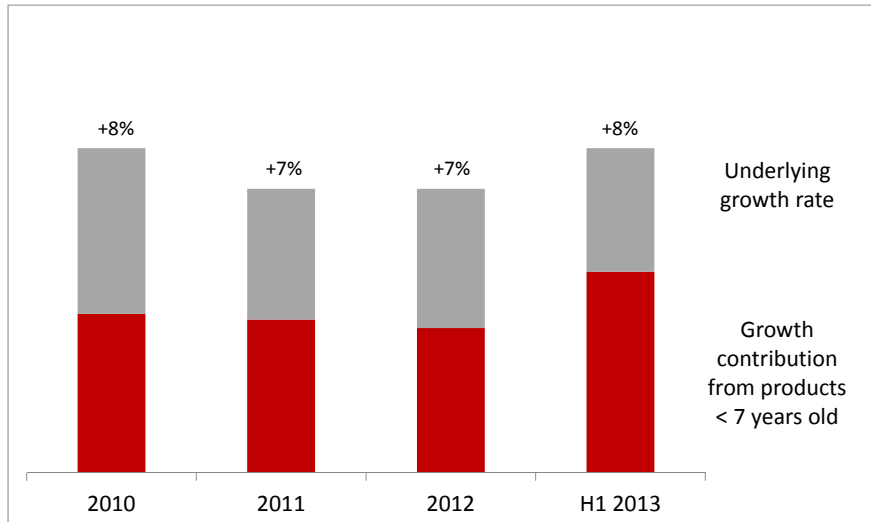


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Impact of product innovation on insurance revenue growth

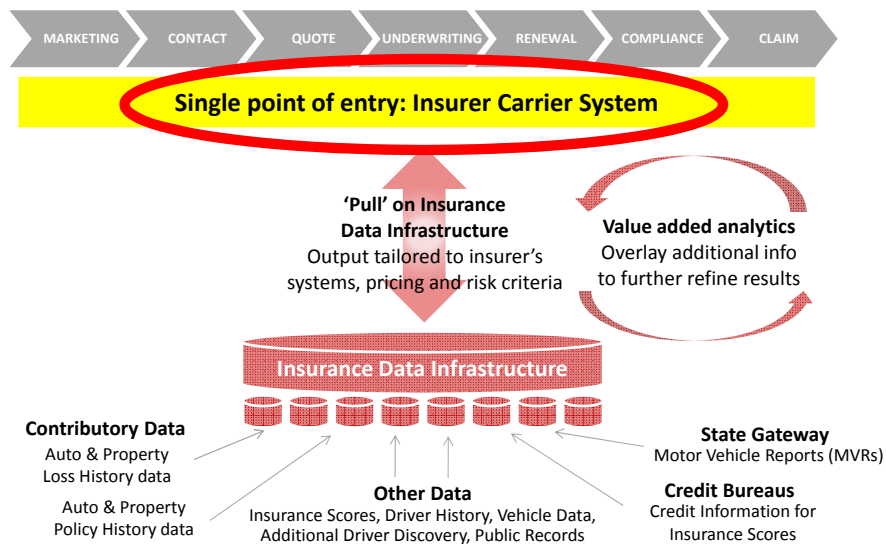


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LNRS data serves insurance carriers through all points of their workflow



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graph LR
    A[MARKETING] --> B[CONTACT]
    B --> C[QUOTE]
    C --> D[UNDERWRITING]
    D --> E[RENEWAL]
    E --> F[COMPLIANCE]
    F --> G[CLAIM]
  
```

[illegible]

- LexisNexis® Risk Solutions

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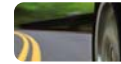
Joe and Dorothy have been with their insurance carrier as long as they can remember. They have 2 children, own a lovely home, 3 cars and have a dog



- Customized, glossy letters mailed to their home
- Funny commercials on television and social media
- Son will be turning 16 and getting a license
- Co-worker mentioned a recent rate decrease on their policy
- Joe is **FINALLY** thinking about shopping their insurance!

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Auto insurance workflow: Marketing



Industry challenges

- Providing turn key marketing solutions to maximize effectiveness of \$6bn Property & Casualty (P&C) industry advertising spend
- Identifying the true value of marketing campaigns in a timely fashion

LNRS solutions

- **Direct Link:** Facilitates all data needs for agents
- **Pre-screen insurance scores:** Risk scoring enhances customer market segmentation
- **Campaign Analytics:** Identifies the metrics of the marketing campaign

We bring intelligence through the better use of data and analytics into carriers' marketing strategies



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Joe goes shopping for NEW auto insurance prior to LNRS

Joe has to prepare to shop his insurance. He gathers his policy information and his wallet and goes to see his agent

Every time his agent asks for information, Joe is chasing it down:

- New car, so he walks outside to write down 17 digit VIN
- He makes multiple calls to his wife Dorothy, because he needs:
 - Her birth date and social security number
 - Her driver's license number
 - Driving history (a guess)
 - Son's driver's license
 - Auto loan info
- Then the agent has to "manage" all of the information provided by Joe

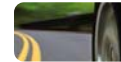


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Auto insurance workflow: Contact



Industry challenges

- Capturing customer information accurately and quickly
- Making it easier for agents and consumers to do business with carriers
- Agents make errors when entering data into the carrier system, requiring them to revert to the customer

LNRS solutions

- **Auto Data Prefill:** Provides critical household information (drivers, vehicles and existing coverage) needed to quote and underwrite a policy, with minimal input required (name, address and date of birth)

We reduce auto risk quote time from over 20 minutes to less than 5 minutes with improved data capture accuracy



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Auto insurance workflow: Quote and Underwriting



Industry challenges

- Requirement for fast and accurate risk assessment tools
- Improvement in understanding of the TOTAL customer risk profile

LNRS solutions

- **C.L.U.E.:** Claims history
- **Current Carrier:** In-force policy coverage
- **Driving records:** MVR models and Activity Files
- **NCF:** National Credit File

We provide a complete understanding of the underwriting risk, incorporating predictive analytics, enabling the carrier to price efficiently

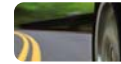


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Auto insurance workflow: Renewal



Industry challenges

- Access to cost effective risk evaluation solutions on existing customers
- Ability to utilize the developed information at the point of renewal

LNRS solutions

- **MVRs:** Focused on activity over prior 12 months
- **Driver Discovery:** Additional drivers found in the household after the policy has been written

We provide constant evaluation of existing risk, yielding better underwriting results and combined loss ratios



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Auto insurance workflow: Compliance



Industry challenges

- Managing increasing government and compliance reporting requirements
- Lack of scalability within each individual carrier

LNRS solutions

- **Automobile Liability Insurance Reporting Service (ALIRtS):** Reports liability coverage information to state regulator
- **Financial Institution Reporting System (FIRSt):** Notifies auto lenders of insurance coverage lapses

We bring cost effective and efficient compliance solutions to the market, yielding up to 50% reductions in compliance cost



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After 9 months of “safe driving”, Joe has an accident!

He calls his agent. His agent tells him to contact carrier

Joe calls in and they request:

- Contact information for Joe
- Policy information for Joe
- Other people in the car when hit?
- Contact and policy information for 3rd party
- Copy of police report
- Vehicle information



It's a 20 minute event of information gathering!



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Auto insurance workflow: Claim



Industry challenges

- Identify fraudulent claims
- The need to process claims more efficiently
- Lack of consistency across the claims process

LNRS solutions

- **Claim Datafill:** Data & analytics identifies claims with higher likelihood for fraud or other special handling needs at the “first notice of loss”
- **Police Records Retrieval:** Accident reports
- **Carrier Discovery:** Insurer information on other parties
- **Accurint For Insurance:** Public records

Our claims solutions enable insurers to investigate and close claims faster with consistent accuracy






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US insurance adjacencies

	Market context	Strategy	Key priorities
Life 	<ul style="list-style-type: none"> Carriers spend \$1.4bn on data collection Increased interest in rules-based processing, predictive analytics 	<ul style="list-style-type: none"> Data & analytics tools to enable carriers to price and underwrite in real time 	<ul style="list-style-type: none"> Build brand positioning Deliver analytics solutions to simplify underwriting process
Home 	<ul style="list-style-type: none"> Rising premiums driving policy switching Carriers focused on improving risk assessment and consumer experience 	<ul style="list-style-type: none"> Data & analytics insight into all aspects of homeowner risk 	<ul style="list-style-type: none"> Deliver new risk assessment data & analytics tools
Commercial 	<ul style="list-style-type: none"> Appetite for data & analytics growing C.L.U.E. will differentiate offering 	<ul style="list-style-type: none"> Leverage LNRS' infrastructure to penetrate commercial carriers; establish contributory database 	<ul style="list-style-type: none"> Drive core offering penetration Drive C.L.U.E. contributions



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International opportunities: UK insurance update



Market opportunity

- Large market with rapidly growing appetite and need for external data

Strategy and progress to date

Expand from single point of entry into carriers to provide broad suite of critical analytics, 3rd party and contributory data

- Analytics:** Acquired a strong position in price optimization tools and services with leading UK players (via ODG in 2008)
- 3rd party data:** Launched first public records offering in 2012
- Contributory data:** First contributory product, No Claims Database for Motor, has committed coverage of approximately 50%
- Build out additional insurance verticals, starting with acquisition of Mapflow (property): Q3 2013



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Strategic priorities for driving organic growth

Core markets

1. Continuous new product innovation to improve economic outcomes of insurance carriers and intermediaries
2. Increase penetration across carrier workflows, from marketing and point of contact through underwriting to claims

Adjacent markets

3. Pursue growth in attractive adjacent markets leveraging LNRS' core strengths (e.g. Life, Home, Commercial)

International

4. Address international opportunities in selective markets; leveraging skills sets, technology, analytics and experience



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