

Press Release

Allianz Global Corporate & Specialty partners with US InsurTech Praedicat to identify next generation liability risks through big data

- Partnership aims to find new ways to better predict future liability catastrophe risks and gain insights on emerging risks and new business opportunities.
- Praedicat's data analytics and predictive exposure modelling complements AGCS's portfolio analysis and risk assessment approach.
- AGCS Board Member Hartmut Mai: "Forward-looking models will transform insurance underwriting. This partnership empowers our underwriters to be data scientists."
- Joint series of publications on emerging liability risks to be released – nanotechnology is the first in a series.

London/New York/Munich/Paris/Singapore, May 11 2017: Allianz Global Corporate & Specialty SE (AGCS), the corporate insurance carrier of Allianz SE, is working with Praedicat, the InsurTech analytics company based in Los Angeles, to better predict the key catastrophe liability risks of the future. By combining Praedicat's forward-looking predictive modelling approach with AGCS' underwriting processes and extensive liability risk portfolio analysis, the companies aim to identify the next generation of catastrophe liability risks for business customers far earlier than under current methods. Praedicat's modeling engine uses machine learning technology to scan large volumes of data from peer-reviewed science publications and profile the likelihood that products or substances will generate litigation risks over their lifecycle.

By complementing the traditional experience-based underwriting and portfolio management of liability risks with predictive analytics, AGCS and Praedicat aim to combine the best of both approaches in this new risk assessment methodology. Using forward-looking data models in addition to historic loss data analysis and risk engineering assessments, AGCS liability underwriters globally will be able to better identify and assess future liability risks for industries or single companies. Asbestos, which caused insured losses of USD 71 billion

globally until 2011 (Swiss Re, Sigma No 02/2012), is one high profile example of such a man-made liability disaster.

“Forward-looking models will transform insurance underwriting. Through this collaboration we hope to change the core role of underwriters, freeing them up from the daily paper grind and empowering them to be data scientists,” said Hartmut Mai, Chief Underwriting Officer and Board Member, AGCS. “Emerging risks are challenging to quantify for an insurer. But now, AGCS underwriters will be able to identify emerging liability catastrophe risks with increased confidence based on in-depth data. Embedding these new tools into our underwriting process not only enhances the quality and efficiency of our decision making, it also allows us to be true partners for our corporate clients through improved risk identification, potentially far in advance of current screening approaches.”

Machine learning technology helps to identify litigation risks

Praedicat’s modeling engine uses advanced machine learning technology to process large volumes of data from peer-reviewed science publications and profile the likelihood that products or substances will generate litigation risks over their lifecycle. When risk agents, or “named perils” are identified, they are tracked over time as new data emerges and increasingly shapes scientific acceptance of the risk. Praedicat has further developed a database of industry and company exposures to the named perils.

“With forward-looking models, machine learning, and algorithmic search, the insurance sector is in the midst of transformation,” says Robert Reville, Chief Executive Officer at Praedicat. “These new technologies are driving competitive advantage. Praedicat is very proud to be working closely with AGCS in its commitment to the new technologies to drive the future of underwriting of corporate risks.”

Research on emerging risks

There is a large degree of liability stemming from emerging risk, although just how much is not effectively measured today. Bringing together scientific and risk management expertise, both companies work closely to get in front of emerging risks that could have an impact on industry segments, such as nanotechnology in the food and beverage industry. The two companies have just published a paper on nanotechnology risks, “[Emerging risk: Nanotechnology in food](#)”, the first in a series of reports looking at emerging liability risks.

“AGCS will help clients understand potential emerging liability risks and their impact on their company while providing innovative solutions”, said Michael Hohmann, Global Head of

Liability, AGCS. “We will use the Praedicat data and tools to help our clients achieve better product stewardship and to tailor their insurance program to their specific risk profiles.”

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Local media contact to be included

About Allianz Global Corporate & Specialty

Allianz Global Corporate & Specialty (AGCS) is the Allianz Group's dedicated carrier for corporate and specialty insurance business. AGCS provides insurance and risk consultancy across the whole spectrum of specialty, alternative risk transfer and corporate business: Marine, Aviation (incl. Space), Energy, Engineering, Entertainment, Financial Lines (incl. D&O), Liability, Mid-Corporate and Property insurance (incl. International Insurance Programs).

Worldwide, AGCS operates in 30 countries with own units and in more than 160 countries through the Allianz Group network and partners. In 2016, it employed more than 5,000 people and provided insurance solutions to more than half of the Fortune Global 500 companies, writing a total of €7.6 billion gross premium worldwide annually.

AGCS SE is rated AA by Standard & Poor's and A+ by A.M.Best.

For more information please visit www.agcs.allianz.com or follow us on Twitter [@AGCS Insurance](https://twitter.com/AGCS_Insurance) [LinkedIn](#) and [Google+](#).

About Praedicat

Praedicat is a science-based data analytics company that offers a revolutionary new approach to emerging risk, working with (re)insurers and corporates to manage liability exposure and capture opportunity for better risk management and product stewardship.

Our mission is to use science-driven risk analytics to help companies evaluate the current state of the science around emerging risk and look ahead to determine how science might evolve. Armed with actionable foresight, clients are empowered to lead the marketplace in profitability as well as consumer health and safety.

Praedicat was formed in 2012 by RAND Corporation and Risk Management Solutions, Inc. when the need to improve identification and prioritization of emerging risks collided with the availability of cutting edge knowledge engineering and modeling technology. Since then, Praedicat has been named by CIO Review as one of the top 20 most promising insurance technology solution providers. Our top-tier clients include corporations in the insurance, reinsurance, and global industrial and chemical markets.

For more information please visit www.praedicat.com or follow us on Twitter [@Praedicat](https://twitter.com/Praedicat) or [Linked in](#).

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x)

changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the U.S. Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.