

## **Analytics Platform for Property and Casualty Insurance Companies**



**Kabir Syed**  
Founder & CEO  
RiskMatch, LLC

**CEOCFO:** *Mr. Syed, your site indicates RiskMatch is the largest independent insurance platform. Would you tell us the concept?*

**Mr. Syed:** We are changing the face of distribution for property and casualty insurance. The market in the U.S. is about a \$1 trillion dollars in insurance premiums of which commercial is about \$500 billion. The commercial insurance market encompasses 2200 insurers offering some 300 insurance products to businesses and other entities through 35,000 brokers. This involves millions of insurance transactions in any given month. Yet, for individual insurance brokerage firms and agencies, the information about client transactions typically hasn't been aggregated to provide knowledge and insights about buying patterns, insurance product needs for clients by industry, geography or size, or for that matter, rates or specific coverage offered by various insurance companies and how they compare with each other based on actual transactions. Each broker or agent has a sales team that tries to capture this information, but the process hasn't been fully automated across an entire brokerage organization. Essentially, it is an antiquated method of doing business. For instance, at the managerial levels of the smaller and middle market insurance brokers they do not know when large numbers of their clients are coming up for a renewal, who the client executive is on the account, what office is handling it, and other key details about the business. When you can capture all of this information across an organization, it can be used to evaluate individual performance, dramatically improve service delivery and overall results. We are changing the paradigm for the commercial insurance distribution by giving brokers and agents the ability to examine their entire books of business and providing analytics many elements related to the insurance placement transaction. This gives brokers insights on clients, including: what types and amounts of insurance they should buy based on the experience across their entire portfolio of similar business; what insurance companies are writing the business; and rates they're charging for that insurance, among numerous other aspects of their insurance program. Without access to all this information, an individual might recommend an insurance company for a specific insurance product, obtain a price quote based only on what that broker knows and what is the deal that comes from the underwriter. Instead, we are equipping that individual broker with the knowledge gained based on \$11 billion of premiums. This is not rocket science or something new that we have created. While this concept is relatively new for the insurance industry, it is being done today in virtually every other industry except insurance.

**CEOCFO:** *Why do you think insurance has been so far behind?*

**Mr. Syed:** I have been in this industry for about 23 years and it hasn't changed. The biggest reason for everything to stay status quo is that the industry has remained profitable so there generally hasn't been the need to invest in technology and to change the way they do business. The largest brokers have taken some of these steps, but the national, regional, and local brokers haven't done so. With consolidation, however, all of that is beginning to change. Profits are eroding. Businesses that hadn't been in insurance are beginning to offer new products that can accomplish some of what insurance has been designed to do. New companies are changing the distribution landscape so they have to do this. So, going forward, insurance is going to be one of the fastest-changing industries.

**CEOCFO:** *Is RiskMatch in use today?*

**Mr. Syed:** We have a rapidly growing number of clients. Our smallest client at this point is about \$100 million in premiums and our largest client is \$3.5 billion. We are not targeting all 35,000 U.S. brokers, as we are a young small company. Our target is a thousand brokers that collectively manage about \$160 billion in premium. Right now, we have \$11 billion in premium of the \$160 billion we're targeting.

**CEOCFO: *How do you get a foot in the door?***

**Mr. Syed:** It is difficult to get dialogue started with brokers because you have to overcome a great deal of inertia. Many brokers want to know why they should change. Once they understand the benefits of how RiskMatch will help them operate more efficiently and drive growth across their business, it's much easier. However, because of all the internal disciplines involved in such decisions at clients, it typically takes about six months for us to win a client. So, it is a long process. One of the concerns is that we are asking brokers to give us a tremendous amount of data they historically have hidden from everyone, including people in their own company. Imagine giving your financial data to a partner outside your company that is never shared with people inside the firm. A broker goes to a carrier and asks how much business they do with them, so you are asking the vendor how much you do. We are saying give me everything and we are going to help you access it in ways that will make you more profitable, reduce your cost, and make you operate smarter across your entire organization.

**CEOCFO: *Where do you get the most pushback?***

**Mr. Syed:** The pushback typically relates to questions about whether the data is secure. We take every precaution on data security. For example, we are constantly using the top ethical hackers and pay them to find holes in our system. We deploy the type of encryption technology used in the banking and financial services sectors and have taken every precaution to protect data. Whenever you introduce new technology applications, there are always going to be concerns. To put this into perspective, in the next five to seven years you will think the physical storage technology you might be using today is like a CD. You do not buy CDs anymore; instead, you purchase music online from your iPhone and iPad or other mobile device. This is what is going to happen with physical storage going forward. In the insurance industry, there's dynamic change as well: notably, there is a great deal of consolidation among brokers. At some point, any individual broker may want to grow their business or sell. You have to know where your money is going and how you can do better. We are going to help you either way. It doesn't matter if you ultimately want to sell your firm or grow your business – organically or through M&A – and remain independent. Today, those are the only two objectives in the insurance brokerage space. We will help with either strategy.

**“We make insurance easy, uncomplicated, open and exciting as an industry.” - Kabir Syed**

**CEOCFO: *Why is this the right time for your innovative approach towards insurance?***

**Mr. Syed:** If I had started this company seven years ago it would have been exorbitant because I traded something similar for my previous employer and it cost us a lot of money. It has become so cheap now to do it with storage. I can store the entire insurance industry data on the cloud for half-million dollars. If you have a physical server, it is going to cost you somewhere in the range of \$3 million to \$4.5 million. The storage cost reduction is one thing, but most of the cost today is related to IT people. I am not a programmer. In my career working as a broker and an insurance carrier, I realize that if you key something once it should be reused in 80 different places where you always use this information. The concept of a company being too large to be secure is no longer true.

**CEOCFO: *Do you find that as the industry is attracting younger people, younger people are used to easily available solutions?***

**Mr. Syed:** You are absolutely right! Insurance is different from other industries. Not many people grow up saying “I want to be an insurance broker!” However, once they join an insurance broker or carrier they stay there literally for 25 years and the question is why? The industry continues to attract a lot more new people because the people relationship aspect of negotiating with groups is almost like a consulting business where your product is not the same every time. It is exciting for them and the younger folks are asking why you are doing it this way. We see the rate for adapting to new technology platforms much faster among younger people as opposed to those who want to receive information in an email.

**CEOCFO: *What is involved in implementation?***

**Mr. Syed:** When we start working with a new client, we set up a connection between their CRM system and their agency management system, which is a billing system. We connect with the billing system to establish their connection and test it to see if it works. They have to give us authorization. We pull in their data for the last two-and-a-half years. Every night we pull the exact same data and then we clean it. Often, the data they share with us is not structured, so we clean the data and enhance with more information available from various public sources in the US. We then provide access to certain elements of the information to individuals in various functions at the brokerage firm, according to their role. For instance, a CEO will probably want the ability to identify trends by producers, offices, regions, business lines, insurance company, among other groupings to gain a high-level, strategic perspective. On the other hand, a client executive or account manager may want to look at information relevant specifically to their clients. We give that role-based view of what you

need to look at today, as well as what is happening with your accounts in the next 30 days and what are you missing. We give them insights to help determine the types of and amounts of insurance individual clients should they buy, insurance companies offering the coverages, and how they might structure their programs based on similar types of accounts handled by them and other client executives across their organization. Everything is integrated into one workflow. We give brokers at every level a tool that otherwise might require them to go to 15 different systems, and enable them to access it instantly, put it together, and then create reports for their clients or internal use. All of these capabilities are generated through the cleanup and structural enhancement provided by RiskMatch that takes between four to eight weeks. Once the system is in place, we conduct the training, which is relatively easy and fast because RiskMatch uses an intuitive point and click system.

**CEOCFO: *What might be different if we speak a year from now?***

**Mr. Syed:** At this point, the operational word is independence. Today, we're the largest independent platform in the world. A year from now, we will be the largest platform in the history of insurance – regardless of any descriptor or qualifier. We will hit \$15 billion in premium by the end of this year, which will make RiskMatch the largest insurance platform in the U.S. Next year, our goal will be to get to \$23 billion. The second part is we have tried to add other pieces in terms of automating certain functions that are not simply the small business piece, the commoditized qualities that people do not need to touch. For example, a broker may have some clients that have premiums of less than \$10,000. They are going to do the flow through completely from the client to the broker, to the insurer directly. The brokers want that business to flow through to the carrier. In addition, we want to add the capability to tell brokers what the insurance industry looks like for them and their set of clients for their geographic area or industry sector. Specifically, we want to give them a way to determine how much aggregate insurance capacity is available to cover their clients, by line of insurance based on a number of different factors.

**CEOCFO: *Do you have the funding for the steps going forward or will you be seeking partnerships or funding?***

**Mr. Syed:** We have never raised a single dime from outside sources, so we are just about to start that process. We wanted to wait until we are a certain size. To expand into a global enterprise, will require additional capital, so we will look for money in the next few months. We are already aware of numerous potential investors who want to give us a lot of money, but we think that frugality is a good thing because it spawns creativity. If you have too much money, you have a tendency to spend it on things that you do not need or are going to be a little more lax about it. You have to learn to live within your means. That is my philosophy. To the point, we determine how much capital we need and spell out what we plan to accomplish with it.

**CEOCFO: *Why is RiskMatch an outstanding company and concept?***

**Mr. Syed:** It is an outstanding concept because it is changing what has been done for 140 years. We are not in a new industry. We are in an industry that is mature, very large and ingrained in what they have done. If you wake up in the morning and drink coffee, you do not eat your breakfast first and then drink coffee. Think of a slight change and how difficult it might be to accomplish. I am not saying that to one person but to 35,000 brokers that employ some 10 million people. We never market or advertise; we like to be in the background. We want to be the path on which premium travels. We are humble but recognize we are playing a critical role in reshaping the distribution system of the commercial property and casualty insurance industry.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

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## **RiskMatch, LLC**

For more information visit:

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