



Member Focused Advisory Solutions

PRESS RELEASE



AAIS Gains Regulatory Approval for its Groundbreaking Data-Driven Fire Risk Model.

The new AAIS Fire Loss and Mitigation Evaluation Score (FLAMES) helps insurers more accurately predict expected fire severity.

LISLE, IL., December 8, 2020 – AAIS (American Association of Insurance Services), the modern insurance advisory organization, has received approval from the Florida Office of Insurance Regulation for its new predictive model. The AAIS Fire Loss and Mitigation Evaluation Score (FLAMES) is a significant improvement on existing methods of quantifying expected severity of fire losses.

Current methods of measuring fire risk reflect fire protection capabilities within the geographic boundaries of individual fire departments, but ignore variation in capabilities and claims severity across communities. Using fire department boundaries also makes it difficult for insurers to integrate risk scores into underwriting systems and processes.

“Our Member carriers have expressed frustration with existing methods of assessing fire risk, which haven’t kept pace with changes in public fire protection capabilities and modern mitigation approaches,” said AAIS CEO Ed Kelly. “Our Data Engineering and Actuarial Team took a rigorous, analytical approach to solving this decades-old problem, and now insurance carriers and regulators can have a more accurate picture of fire risk.”

Several key principles guided the development of the FLAMES model, including the need for a more data-driven, analytical solution that is acceptable to insurance carriers, regulators, and other industry professionals. AAIS evaluated a wide range of data including National Fire Incident Reporting System (NFIRS) data, carrier claims data, weather, crime, economic activity, fire station locations, fire hydrant coverage, traffic patterns, population density, building stock characteristics, and vacancy rates, which best reflected the drivers of loss.

Current approaches prioritized the location of insured properties relative to fire protection resources and infrastructure. According to Matt Hinds-Aldrich, PhD, AAIS Senior Risk Strategy Lead, “Legacy models have been overly simplistic given advancements in local fire protection. Rather than a checklist of input measures to grade individual local fire department performance, FLAMES measures outcomes in terms of severity of fire losses by ZIP code.”

“Our Data Engineering and Actuarial Team took a rigorous, analytical approach to solving this decades-old problem, and now insurance carriers and regulators can have a more accurate picture of fire risk.”

AAIS

701 Warrenville Road
Lisle, IL 60532
800.564.AAIS
www.AAISonline.com

ABOUT AAIS

Established in 1936, AAIS serves the property casualty insurance industry as the modern, Member-based advisory organization. AAIS delivers custom advisory solutions, including best-in-class forms, rating information and data management capabilities for commercial lines, inland marine, farm & agriculture, commercial auto, personal auto, and homeowners insurers. Its consultative approach, unrivaled customer service and modern technical capabilities underscore a focused commitment to the success of its Members. AAIS also serves as the administrator of openIDL, the data and information sharing platform for regulatory reporting built on distributed ledger technology. For more information about AAIS, please visit www.AAISonline.com.

MEDIA CONTACT

AAIS

Rachael Paul-Heinz
Manager of Communications
630.457.3272 | rachaelh@AAISonline.com

Source: Globe Newswire



Member Focused Advisory Solutions

PRESS RELEASE



AAIS established relationships throughout the fire protection industry and received input from industry experts and thought leaders regarding ways to begin to standardize, consolidate, and validate mitigation data. By moving away from checklist approaches to assess fire protection efforts, AAIS believes FLAMES can encourage fire departments to prioritize collaboration and coordination in both response and mitigation efforts beyond the boundaries of their respective jurisdictions.

“We are excited to have regulatory approval for FLAMES to be used as part of our Florida Homeowners By-Peril (HOBP) program,” said AAIS Vice President of Data & Actuarial Solutions Phil LeGrone. “FLAMES was built as a flexible nationwide model, and we are already exploring ways to broaden adoption of our methodology in other jurisdictions and additional lines of business.”