



Praedicat's Nekomodel X takes casualty risk modeling to new heights, addresses social inflation and supports pricing and reserving

Los Angeles, 2 November 2022: Praedicat, the liability emerging risk analytics company, has launched Nekomodel™ X, the next generation of its probabilistic casualty catastrophe model. Nekomodel X is designed to expand on the underwriting applications of previous model releases and to facilitate exposure-based pricing and reserving – capabilities that have never been available in a scalable way to casualty insurers. New methods for pricing and reserving incorporating data on exposure to emerging risks can drive sustainably profitable business for general liability insurance, a \$90 billion casualty insurance line which is facing increased volatility and aggregation risk due to the rise of social inflation.

“Nekomodel X’s mass litigation model better reflects the behavior of a plaintiffs’ bar with unprecedented access to capital,” says Dr. David Loughran, Praedicat’s Senior Vice President of Product & Chief Economist. “We have captured the impact of the current environment where plaintiffs’ attorneys have sufficient capital to experiment with new theories of causality and can afford sustained litigation based on those theories. No underwriter should accept a risk exposed to U.S. tort law without first checking its exposure to the more than 240 distinct casualty risks covered by Nekomodel X.”

Nekomodel X employs natural language processing and machine learning to connect 128,000 companies, their products, and their business activities to the global, peer-reviewed scientific literature that investigates whether these products and activities have the potential to cause bodily injury or environmental harm. Granular exposure data coupled with a probabilistic forecast model quantifies the frequency and severity of casualty-relevant litigation for every company.

Nekomodel X functions for individual risks, and in the aggregate to measure portfolio exposures to specific, named, casualty-insurance-buying corporations the world over. When users enter policy terms such as limit, attachment, and trigger type, the model computes probabilistic loss estimates such as expected and probable maximum loss for individual policies and portfolios of policies. The model also provides a probabilistic assessment of the time path of future claims. Deterministic liability disaster scenarios provide additional insight into portfolio aggregation risks for both ongoing and emergent litigation events.

Historically, General Liability insurance has seen periods of sustained losses and reserve restatements driven by mass litigation episodes like asbestos, which ultimately cost the industry over \$100B. Reserving and pricing based only on historical claims data cannot capture emerging risks like asbestos, and therefore can cause a spiral of reserve restatements and insolvency. Nekomodel X provides the missing exposure data to combine with historical claims data that ultimately provides the complete picture for pricing and reserving.

“Nekomodel X is the culmination of ten years’ work at Praedicat,” says Praedicat Chief Executive Robert Reville. “It is the foundation of our emerging risk framework that tracks and quantifies latent risks across their lifecycle. It supports the transformation of casualty underwriting into a discipline supported not only by instinct, but also informed by scientific insight and complex data analysis. Most importantly, it expands the forward-looking capabilities to reserving and pricing. The growing flow of speculative capital directed at the plaintiffs’ bar to fund science-backed bets on judicial outcomes continues to drive up casualty awards, settlements, and claims. With Nekomodel X, risk carriers have the technology and data to thrive and grow in this environment.”

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Notes to Editors

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About Praedicat

Praedicat is the leading liability emerging risk analytics company for casualty insurers and global industrial companies. We help companies identify, model, and manage current, emerging, and emergent liability risks, allowing them to adopt new approaches to casualty risks, and to translate them into actionable business opportunities for sustainable, profitable growth.

Established in 2012, Praedicat is based in Los Angeles, with offices in New York and London. We are the first casualty catastrophe modeler to win Catastrophe Modeler of the Year by Inside P&C Honors. Our ultimate aim is to deliver the science around health and environmental risks to businesses, driving smarter decisions that make the world cleaner, safer and healthier.

To learn more, visit www.praedicat.com.