

# Zesty.ai equips insurance incumbent with AI technology to underwrite policies

Article

**The news:** Amica Insurance has teamed up with US-based insurtech **Zesty.ai** to leverage the latter's predictive wildfire risk analytics solution, dubbed **Z-FIRE**, for its homeowners

insurance product, [per](#) a press release.

**How it works:** Z-FIRE uses AI to calculate a wildfire risk score for individual properties.

- The model has been trained on over **1,400 wildfire events** across more than **20 years of historical loss data**.
- It also considers data that further influence risk, such as topography, historical climate data, and information extracted from high-resolution imagery, such as building materials and surrounding vegetation.
- This **AI-based model is reportedly more accurate than traditional underwriting models** for homes.

**Why this matters:** Insured losses from natural disasters continue to haunt the insurance industry, and the threat isn't going away any time soon.

- Wildfires in the US [caused](#) **\$13 billion in insured losses** and **\$20 billion in economic losses** in three of the last four years.
- More broadly, natural disasters drove **\$2.2 trillion in economic losses over the past decade**, per the press release, while global insured losses from natural catastrophes [reached](#) **\$81 billion** in 2020.
- Hurricane Ida offers an example of how these numbers come about: Ida alone is [expected](#) to be responsible for **\$15 billion in insured losses**.

**What are insurers doing?** The increasing prevalence of natural disasters is forcing insurers to seek out innovative ways to assess the risk of all natural disasters and keep losses at bay.

- In April, UK insurtech **Previsico** revealed that it will collaborate with insurance giant **Zurich** on a pilot across 5,000 locations to boost flood resilience.
- **Lloyd's** [announced](#) a two-year partnership with geospatial insurtech **McKenzie Intelligence Services (MIS)** to assess damages when a natural disaster may limit physical access to the risk location.

Through such efforts, insurers are trying to close the underwriting gap, better predict disasters, and prevent costly damage.

**Go deeper:** *Read more about the transformative power of AI within insurance in our [AI in Insurance report](#), detailing use cases across the front, middle, and back office.*

## Most Important Global Business Risk Factors According to Executives Worldwide, Nov 2020

% of respondents

	2020	2021
Business interruptions (including supply chain disruption)	37%	41%
Pandemic outbreak (e.g., health and workforce issues, restrictions on movement)	3%	40%
Cyber incidents (e.g., cyber crime, IT failure/outage, data breaches, fines, and penalties)	39%	40%
Market developments (e.g., volatility, intensified competition/new entrants, M&A, market stagnation, market fluctuation)	21%	19%
Changes in legislation and regulation (e.g., trade wars and tariffs, economic sanctions, protectionism, Brexit, Euro-zone disintegration)	27%	19%
Natural catastrophes (e.g., storm, flood, earthquake, wildfire)	21%	17%
Fire, explosion	20%	16%
Macroeconomic developments (e.g., monetary policies, austerity programs, commodity price increase, deflation, inflation)	11%	13%
Climate change/increasing volatility of weather	17%	13%
Political risks and violence (e.g., political instability, war, terrorism, civil commotion, riots and looting)	9%	11%

Note: n=2,769

Source: Allianz, "Allianz Risk Barometer 2021," Jan 27, 2021

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