

Initiating Coverage:

Verisk Analytics (\$VRSK)

Hidden Infrastructure: Verisk Shapes Data-Leveraged Price and Risk Intelligence

Verisk Analytics is a data-driven risk intelligence leader, operating as hidden infrastructure within the global insurance ecosystem. Its datasets, deep integration into underwriting workflows, and subscription-heavy revenue model create a durable competitive moat.

Furthermore, the acquisition of AccuLynx expands Verisk's reach into contractor networks, strengthening its property estimating solutions and cross-selling potential.

With very strong mid-50s EBITDA margins, predictable cash flow, and accretive growth (from both surging analytics service demand/adoption and recent acquisitions), Verisk offers investors a defensive, tech-industrials overlap stock with upside tied to continued data leverage across insurance, property risk, and adjacent verticals.

Relevant Developments

(M&A ACTIVITY) **AccuLynx & SuranceBay Acquisition**

- Verisk has continued to augment its core platforms. In July 2025 it announced an agreement to acquire AccuLynx (a leading roofing/construction SaaS platform) for \$2.35B cash. This deal, expected to close Q3'25, is intended to extend Verisk's claims and restoration ecosystem by introducing automation, improving estimate accuracy for policy holders, and streamlining quicker payments to contractors. Integration will also offer the added benefit of extensive access to roofing data, supporting stronger analytics capabilities which could potentially be leveraged by roofing-related roll-ups in the near future as well.
- In July 2025 Verisk agreed to buy SuranceBay (life/annuity agency software) for \$162.5M, expanding its FAST life/annuity distribution platform. Earlier, in Dec. 2024 Verisk divested its Atmospheric & Environmental Research (AER) unit to sharpen focus.
- These moves show a push into adjacent verticals (life insurance tech) and deeper integration of contractors/networks (roofing) to drive cross-selling.

(PRODUCT AND PARTNERSHIPS) **AI & Analytics**

- Verisk continues to innovate its platform offerings. For example, its AI-driven "Rating-as-a-Service" cloud engine (launched in 2023) streamlines underwriting workflows.
- The company also rolled out enhanced claims analytics tools (e.g. real-time weather APIs, video collaboration, and AI-based damage assessment). Verisk maintains partnerships with industry groups and reinsurers (e.g. its catastrophe models are widely used in reinsurance).

We initiate coverage with a \$305.99 Price Target.



Stock Rating: Equal Weight

Price Target: \$306.00

Price: \$271.06

Potential Upside: +12.89%

Ticker: SVRSK



Industrials Coverage Team
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Verisk Analytics Overview

Verisk Analytics (Nasdaq: VRSK) is a leading data analytics and software provider focused on the insurance industry. Following divestitures of its Energy, Specialized Markets, and Financial Services businesses, Verisk is now a pure-play insurance analytics company. It offers underwriting and claims analytics (policy forms, rating/rules, catastrophe models, fraud detection, etc.) via annual subscriptions and multi-year licensing agreements. Verisk's solutions power critical workflows for most U.S. property-casualty (P&C) insurers and a growing number of global insurers. Its data assets are unique – for example Verisk's P&C claims database contains over 1.8 billion records (the world's largest), feeding advanced fraud and benchmarking tools. The company is headquartered in Jersey City, NJ, with offices in 30+ countries, serving insurers, adjusters, and contractors worldwide. Leadership includes CEO Lee Shavel and CFO Elizabeth Mann.

In FY2024 Verisk posted \$2.882 billion revenue (up 7.5% YoY) and \$1.576 billion adjusted EBITDA (+9.9% YoY). Adjusted EPS was \$6.64 (+16.3%), reflecting strong operational leverage. Free cash flow rose ~10% to \$920 million, supporting capital returns (new quarterly dividend of \$0.45; +15%). Verisk enjoys very high recurring revenue (~80%+ annual subscriptions) and industry-high profitability (adj. EBITDA margin ~55%). Its balance sheet is healthy; however, an increase of about ~\$1.5B of debt should be expected with the purchase of AccuLynx.

Insurance Analytics Sector Overview

The global insurance analytics market is large and fast-growing. Industry research projects the market rising from roughly \$14–16 billion in 2024 to \$40–45 billion by 2032 (CAGR ~14–15%). Growth is driven by insurers' increasing use of big data, AI and cloud technologies to improve risk selection, pricing and claims management. Key trends include adoption of telematics and IoT data for usage-based insurance, advanced fraud analytics, and climate-risk modeling in underwriting. On top of that, regulatory developments (e.g. more stringent loss-reserving rules, IFRS 17 accounting, and AI/algorithm fairness guidelines) are pushing carriers to invest in data systems. In sum, insurers face rising losses from inflation and extreme weather and are turning to analytics and networked platforms to bolster pricing accuracy and efficiency (for example, Verisk's new Rating-as-a-Service cloud engine illustrates this shift).

Comparable Company Analysis – Source: S&P Capital IQ

Comparable Companies						
<i>\$mm</i>						
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM	
□ MOODY'S CORPORATION (XNYS:M	\$92,572	\$97,540	43.8x	\$7,230	\$3,590	
□ FAIR ISAAC CORPORATION (XNYS	\$33,987	\$38,900	53.3x	\$1,840	\$828	
□ Willis Towers Watson Public Limited C	\$33,093	\$35,800	187.2x	\$9,810	\$2,560	
□ RELX PUBLIC LIMITED COMPANY	\$88,104	\$98,610	33.9x	\$12,900	\$5,100	
□ VERISK ANALYTICS, INC. (XNAS:	\$37,871	\$39,800	42.3x	\$3,000	\$1,700	

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
□ MOODY'S CORPORATION (XNYS:M	27.2x	73.0%	49.0%	49.0%	7.0%
□ FAIR ISAAC CORPORATION (XNYS	47.0x	80.8%	45.0%	44.0%	14.7%
□ Willis Towers Watson Public Limited C	14.0x	45.0%	26.8%	22.0%	(5.0%)
□ RELX PUBLIC LIMITED COMPANY	19.3x	65.5%	32.4%	30.2%	7.0%
□ VERISK ANALYTICS, INC. (XNAS:	23.4x	69.0%	55.0%	45.0%	9.0%

High	46.98x	80.8%	55.0%	49.0%	14.7%
75th Percentile	27.17x	73.0%	49.0%	45.0%	9.0%
Average	26.18x	66.7%	41.6%	38.0%	6.5%
Median	23.41x	69.0%	45.0%	44.0%	7.0%
25th Percentile	19.34x	65.5%	32.4%	30.2%	7.0%
Low	13.98x	45.0%	26.8%	22.0%	-5.0%

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	\$	32,870
Implied Enterprise Value (Median)	\$	39,800
Implied Enterprise Value (75th Percentile)	\$	46,189
Implied Share Price (25th Percentile)	\$	203.98
Implied Share Price (Median)	\$	253.58
Implied Share Price (75th Percentile)	\$	299.31

Investment Theses

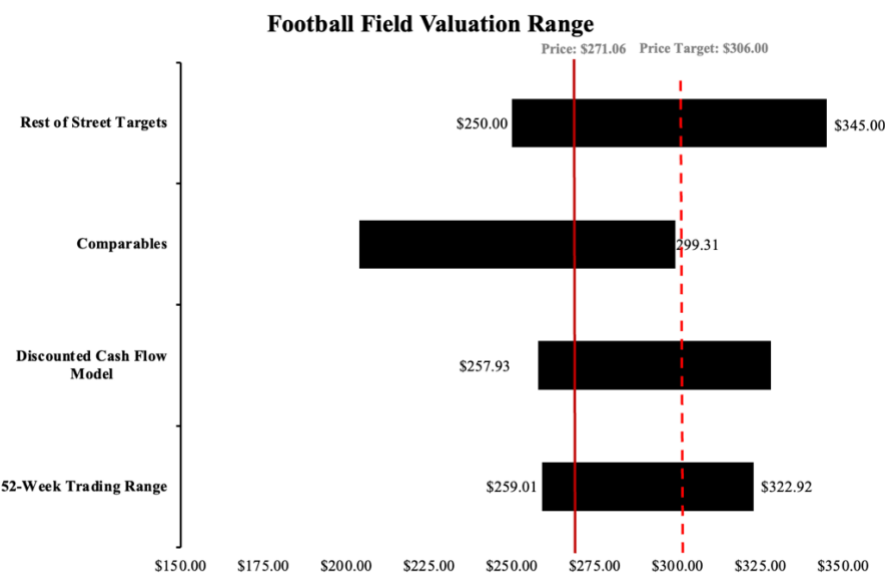
Market Leadership and Moat: Verisk is the dominant data provider in P&C insurance. Its core products (ISO data, CLUE, Xactware, etc.) are deeply embedded in insurer workflows, creating high switching costs. It holds unique datasets (e.g. largest P&C claims databases) and has exclusive content contracts (many state rating bureaus use Verisk's forms and rules). This entrenched position supports pricing power and customer stickiness.

High-Quality Recurring Business: ~80–85% of Verisk's revenue is subscription/recurring, with multi-year contract life and enterprise license products scaled to the size of insurer's book/number of users. This model produces steady, predictable cash flow and makes the company less cyclical. Verisk's margins are industry-leading (~55% adj. EBITDA) due to its proprietary data/software and value-based pricing strategy. Due to how deeply Verisk's products are embedded into customer workflows (data dependency to set premiums, comply with regulators, reduce fraud, and assess risk), the company's pricing is less about "cost-to-serve" and more about the value derived; this also makes switching costs post software integration very difficult for customers.

Growth Tailwinds: Verisk benefits from secular trends in insurance. Insurers are digitizing underwriting and claims (fraud analytics, parameterized policies, telematics, etc.), areas where Verisk offers solutions. Catastrophic losses have also increased regressing to unprofitable levels, motivating carriers to invest in better modeling and fraud controls, fields Verisk addresses. The company also is leveraging AI (e.g. generative vision for claim evaluation) to stay ahead. Finally, Verisk's acquisitions (AccuLynx, SuranceBay) expand its TAM and add network effects (contractor-supplier networks, agent-lifecycle software) that could accelerate cross-selling and client lock-in.

Price Target & Valuation

Our analysis gives VRSK a PT of \$306.00 and an equal weight rating.



Potential Downsides to Our Rating

Competitive Threats: Verisk’s market is highly competitive and specialized. Direct peers include LexisNexis Risk Solutions (RELX), Moody’s RMS, SAS Institute, IBM’s insurance analytics solutions, and various niche SaaS providers. These competitors offer overlapping solutions, but Verisk’s scale and embedded datasets (e.g. ISO rating rules, Sentinel social-fraud data, catastrophe models) create high switching costs. Outside of insurance, competition also comes from generalist data/cloud providers (AWS/GCP analytics platforms, consulting firms, AI startups), which could increasingly provide DIY analytics to insurers.

Execution + Integration Risk: Verisk’s growth strategy relies partly on acquisitions. Missteps in integrating SuranceBay, AccuLynx or future deals (failure to realize synergies, culture clashes) could depress margins and distract management. Overpaying for acquisitions is another risk as the AccuLynx deal at a >12× sales multiple assumes aggressive growth. Furthermore, there have been whispers of price-fixing possibility given the AccuLynx vertical integration move (in which Verisk would control both the insurer-facing estimating tools (Xactiware) and the contractor-facing workflow tools (AccuLynx)).

Auto Insurance Pressure: Verisk faces pricing power erosion in the auto insurance industry due to new entrants and automakers

Price Target: \$306.00 (+12.89%)

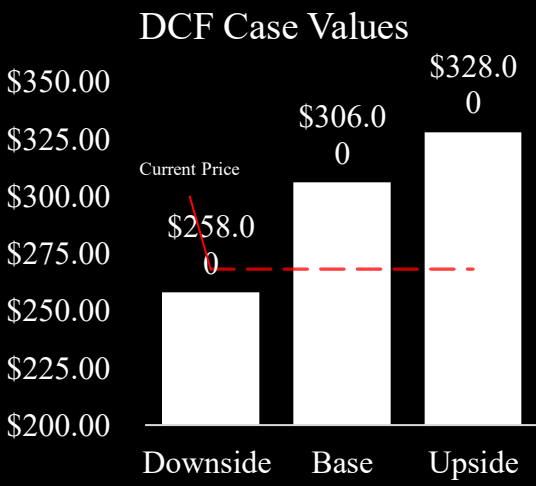
The most likely scenario assumes Verisk maintains steady execution. We project 7–8% organic revenue growth (aligning with consensus) and continued EBITA margin expansion into the high-50s. The recent acquisitions proceed smoothly: SuranceBay closes and begins modestly accretive revenue in 2H’25, AccuLynx closes late 2025 and contributes to 2026.

Upside Case: \$328.00 (+21.09%)

An optimistic outcome features accelerating demand and synergies. Strong 10%+ organic growth driven by expanded insurer budgets (e.g. a push into usage-based policies or global expansion) and positive spillovers from M&A. AccuLynx and SuranceBay add outsized value (e.g. cross-sell into Verisk’s 18,000+ insurer clients), and Verisk leverages its platform to win new customers (entering adjacent fields like “insurtech enterprise SaaS”). Operational improvements (automation, AI) could boost EBITDA margins. In this scenario, Verisk executes buybacks or achieves higher multiples given its enhanced outlook.

Downside Case: \$258.00 (-4.85%)

In a pessimistic scenario, macro headwinds slow insurer budgets (e.g. a credit crunch or severe underwriting losses cause carriers to cut IT spend). Verisk’s growth could drop to low single digits. Competition or new regulations could pressure pricing. For example, a clampdown on data use or aggressive open-source analytics could deteriorate Verisk’s pricing power. If growth slips to 3–4% and margins contract (say adj. EBITDA margin falls a few percentage points due to higher costs or M&A integration issues), projected EPS could fall short of expectations. Worst case scenario beyond this, the acquisition of AccuLynx falls through due to regulatory concerns.



leveraging “connected device” telematics from newer car models; therefore, reducing necessity for external intermediary data vendors.

Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	2,882	3,150	3,549	3,858	4,186	13.3%
EBITDA	1,576	1,748	2,013	2,191	2,380	14.7%
EBIT	1,270	1,426	1,650	1,799	1,957	15.5%
NOPAT	775	818	826	893	992	8.6%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	54.7%	55.5%	56.7%	56.8%	56.9%	56.1%
EBIT Margin	44.1%	45.3%	46.5%	46.6%	46.8%	45.8%
Revenue Growth	7.5%	9.3%	12.7%	8.7%	8.5%	9.3%
EBIT Growth	10.2%	12.3%	15.7%	9.0%	8.8%	11.2%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	40.8x	35.9x	29.7x	27.2x	24.9x	31.7x
EV/Sales	14.7x	13.4x	11.9x	11.0x	10.1x	12.2x
EV/EBITDA	26.8x	24.2x	21.0x	19.3x	17.7x	21.8x
FCF Yield	2.5%	2.8%	3.4%	3.7%	4.0%	3.3%

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities.

Overweight means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

DCF Analysis (\$mm)											
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/30/2028	12/30/2029	12/31/2030
Stub						0.65	1.65	2.65	3.65	4.65	5.65
Discount Period						0.18	0.85	1.85	2.85	3.85	4.85
Revenue	2,269	2,463	2,497	2,681	2,882	3,150	3,549	3,858	4,186	4,534	4,902
Revenue Growth	0%	9%	1%	7%	7%	9%	13%	9%	9%	8%	8%
Insurance	2,269	2,463	2,497	2,681	2,882	3,100	3,364	3,645	3,946	4,267	4,608
AccuLynx	0	0	0	0	0	50	186	213	240	268	295
N/A	0	0	0	0	0	0	0	0	0	0	0
EBIT	939	998	1,046	1,152	1,270	1,426	1,650	1,799	1,957	2,125	2,304
EBIT Margin	41%	41%	42%	43%	44%	45%	47%	47%	47%	47%	47%
Tax Expense	165	179	220	259	278	290	360	398	438	482	530
Effective Tax Rate	18%	18%	21%	22%	22%	20%	22%	22%	22%	23%	23%
NOPAT	774.80	818.20	825.60	893.30	992.20	1,136.00	1,290.52	1,401.12	1,518.60	1,642.96	1,774.17
D&A	233	250	239	281	306	322	363	392	423	456	490
Capex	247	268	275	230	224	257	324	341	358	375	392
Changes in NWC	0	92	136	(136)	145	145	53	58	63	68	74
UFCF	761	709	654	1,081	929	1,055	1,276	1,394	1,521	1,655	1,799
PV of FCF						1,041	1,193	1,205	1,214	1,222	1,227

Weighted Average Cost of Capital (\$mm)	
Market Risk Premium	5.50%
Beta	0.80
Risk Free Rate	4.25%
Cost of Equity	7.96%
Weighted Average Cost of Debt	4.00%
Tax Rate	23.00%
Cost of Debt	0.25%
Total Equity	\$37,871
Total Debt	\$4,371
Equity/Total Capitalization	92.00%
Debt/Total Capitalization	8.00%
WACC	8.20%

Terminal Value	
Perpetuity Growth Method	
2034 FCF	\$1,799
Growth	4.50%
Terminal Value	\$48,555
PV of Terminal Value	\$33,116
PV of Projection Period	\$7,101
PV of Terminal Value	\$33,116
Implied TEV	\$40,217
(-) Debt	\$5,000
(+) Cash	\$629
Implied Equity Value	\$35,846
Basic Shares Outstanding	140
Implied Share Price	\$256.56
Upside/Downside	-5.35%

Implied Exit BF EV/EBITDA	17.5x
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Terminal Value	
Exit Multiple Method	
2034 EBITDA	\$2,794
EV/EBITDA Exit Multiple	21.0x
Terminal Value	\$58,681
PV of Terminal Value	\$40,022
PV of Projection Period	\$7,101
PV of Terminal Value	\$40,022
Implied TEV	\$47,123
(-) Debt	\$5,000
(+) Cash	\$629
Implied Equity Value	\$42,752
Diluted Shares Outstanding	140
Implied Share Price	\$305.99
Upside/Downside	12.9%

Implied PGR	3.6%
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Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	\$305.99
Upside/Downside	12.89%