



FEATURED OPTIONS RADAR REPORT



Large Bull Sees Upside in Financial Analytics Company

Ticker/Price: VRSK (\$191.50)

Analysis:

Verisk Analytics (VRSK) on 4/3 with an unusual large trade as 1000 September \$190 calls were bought for \$15.90 becoming the only notable open interest in the name. VRSK shares are +8.5% YTD and at the highest level since August 2022. VRSK put in three higher weekly lows along a rising 200-week moving average and last week broke out of the base and inflected the trend while MACD and RSI continue to strengthen. VRSK shares also closed above VWAP off its record highs. The base breakout has an upside target of \$210 while shares currently stalling near a 50% retrace at \$194 and the next notable level is \$203 aligning the Summer 2022 high and 61.8% Fibonacci. Verisk is a leading data analytics provider with a focus on the insurance industry. VRSK offers predictive analytics and decision support solutions to customers in rating, underwriting, claims, catastrophe and weather risk, natural resources intelligence, economic forecasting, commercial banking and finance, and many other fields. VRSK has a unique, proprietary and growing data sets that supports new applications as well as a strong defensive moat around the data collected over decades on a variety of loss, claims information, underwriting information for the industry. VRSK has a market cap of \$29.55B and trades 30X Earnings, 23.8X EBITDA and 50.15X FCF, rich valuation. VRSK revenues are seen rising 4.5% in 2023 and 7% in 2024 while EPS seen up 8.4% and 17.4% respectively. VRSK held an Investor Day on 3-14 and introduced 2025 financial targets seeing 54-56% EBITDA margins in 2024 while also announcing an accelerated \$2.5B buyback the week prior. VRSK has also been introducing some AI-powered solutions. VRSK has made significant changes over the past year, including appointing a new CEO and CFO, reconstituting its Operating Committee, and divesting its non-Insurance businesses. Upselling and cross-selling are key to VRSK's growth strategy. VRSK's products are mission-critical and are 81% subscriptions with high retention rates. Extreme Event Solutions has been VRSK's fastest growing business, growing at an 8.5% CAGR from 2018-2022. Extreme Event Solutions operates in a \$2.5B TAM, in which VRSK estimates it currently has a 12% share. One of the reasons why VRSK is bullish on the segment is the underpenetration of disaster insurance, as globally only 32% of potential economic losses are insured. Claims operates in a \$4.7B market, covering anti-fraud, casualty, and property. VRSK is most penetrated in property (53%), while anti-fraud (8%), and casualty (11%) are both white-space opportunities for VRSK. Analysts have an average target of \$197 with short interest low at 1% of the float. Baird raised its target to \$206 with VRSK divesting ancillary businesses, now a pure play insurance analytics play with deployment benefits ahead.

Hawk Vision:



Hawk's Perspective: VRSK is a high-quality business and love the chart though valuation makes it difficult to see more than 20 points of upside, but looking to participate in that move via stock.

Confidence Ranking: \$\$