Lesson 6: Why Data is King

Topic 3 – Leveraging data in insurance

Gartner Analytic Ascendancy Model
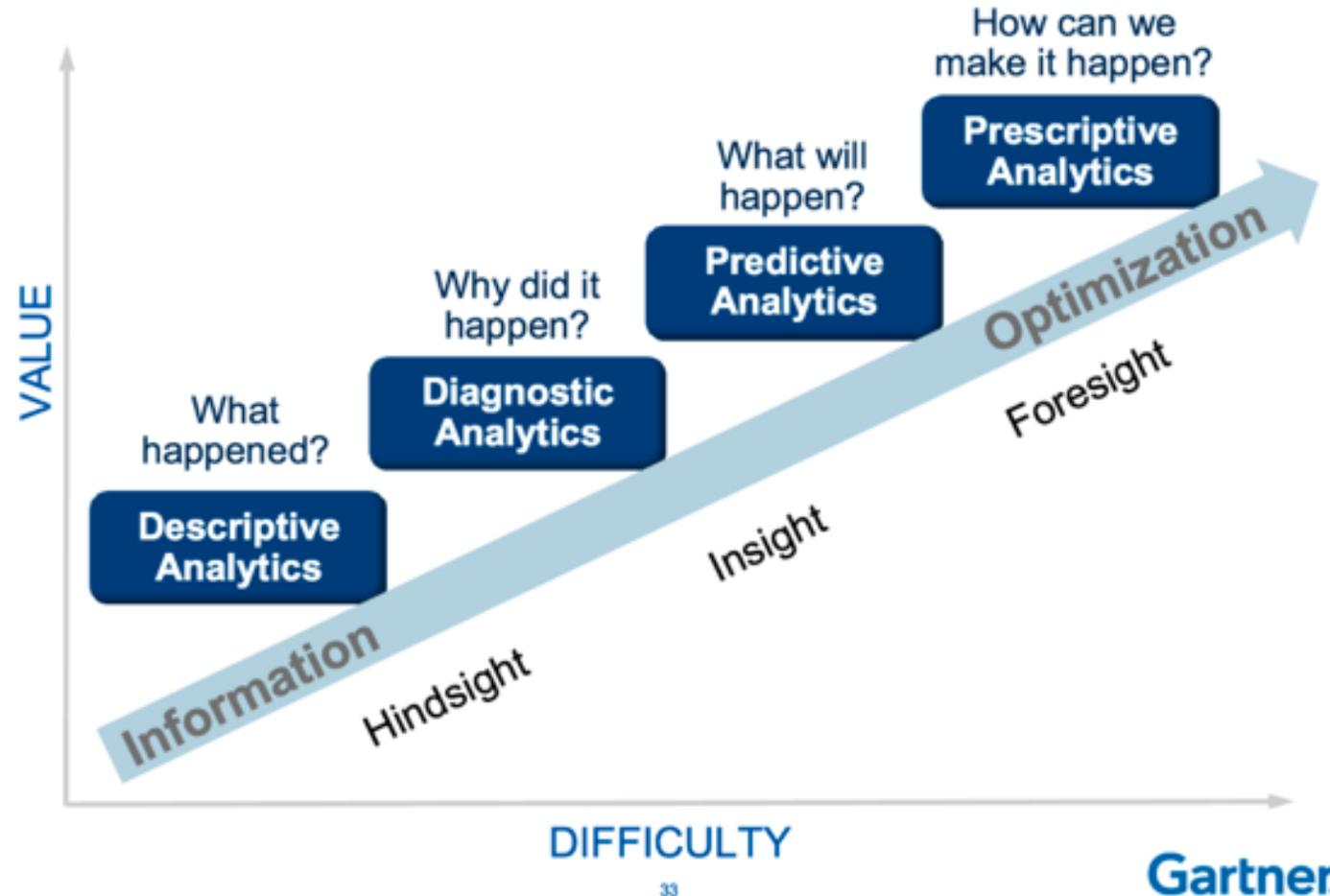
Most insurers struggle with the unified data view

Various data sources

- Corporate sales
- Claims
- Customer service
- Branches
- Online
- Underwriting
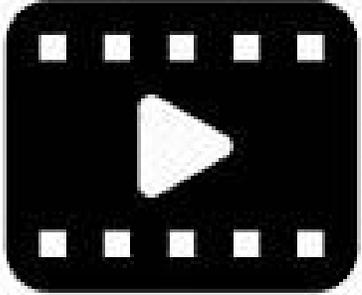- Direct sales
- Finance
- ++++
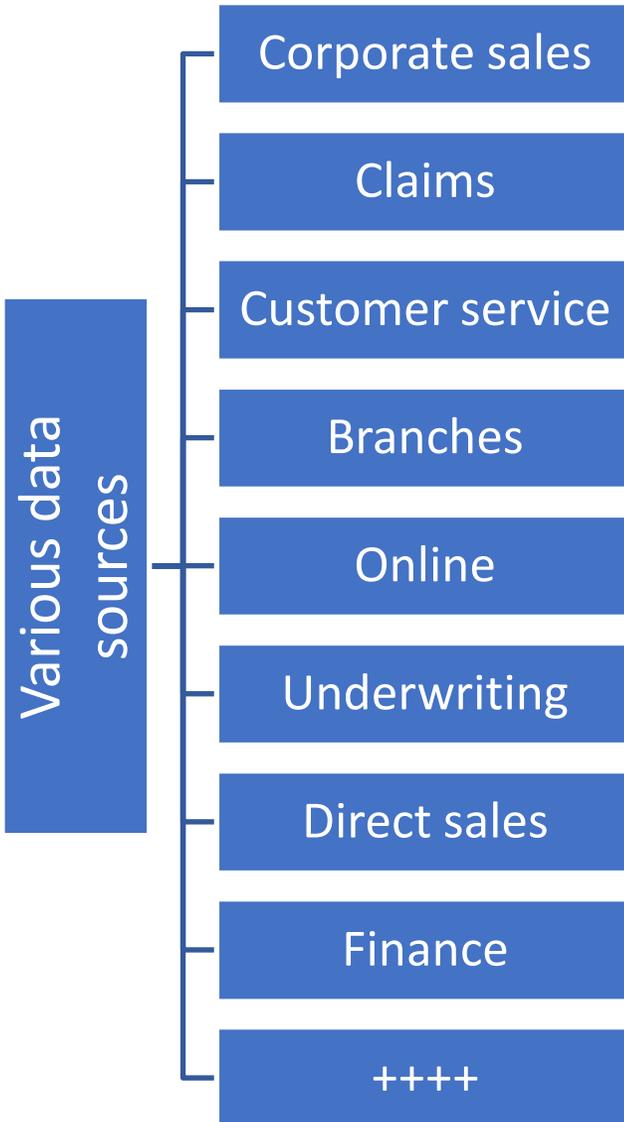
To optimise the use of data, insurers need to create a unified view for analytics and actions – this can be done through **analytics platforms**

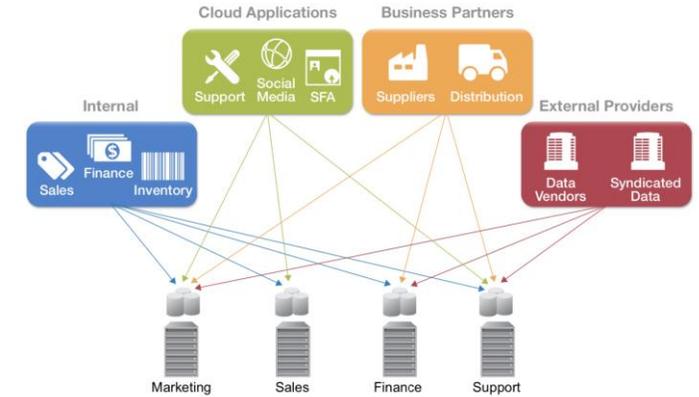*Further reading: June Top Reader Pick 20 top platforms for analytics and business intelligence*

The problem with multiple data sources and how to mitigate

Understand how a company transforms the way that organisations and people understand data
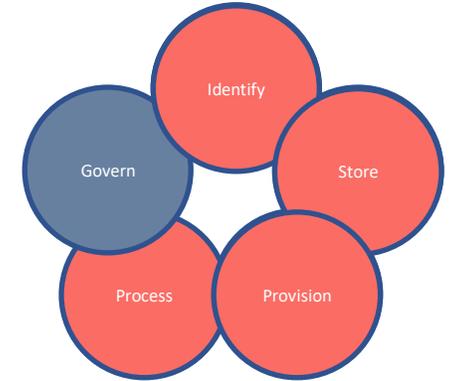**Palantir**

Duration: 5 mins

[Video link](#)

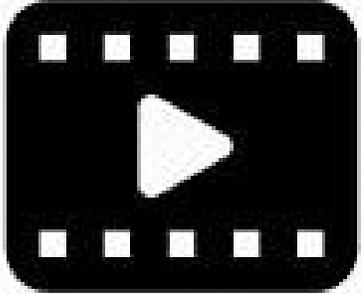**Possible discussion points for Weekly Clinic / Things to think about**

- What are major implications of not having data in a central location?
- What are specific use-case examples of the four different stages in the Gartner model?

Data uses in insurance today

- **CRM** – customer lifecycle management – trigger-based customer relationship management, including customers' interactions with advertisements.

- **Underwriting and pricing simulations** – dynamic pricing adjustments and simulations for future business opportunities.

- Using AI to analyse unstructured data across data centres – telematics from cars, pictures of damaged cars or patient wounds to **predict claims costs or actively influence the final cost through intervention.**

- **Predictive analytics** are used for customer churn prevention, claims costs prediction and accurate (indicative) quotes.

- Machine learning can be used to detect anomalies in claims and flag them for further **fraud investigation.**

- **Calculating customer lifetime value.**

Identify

Govern

Store

Process

Provision

Advanced customer engagement

Always On Customer Engagement, Orchestrated by AI
Pegasystems

Duration: 5 mins

Video link

Always-On Customer Engagement, Orchestrated by AI

Possible discussion points for Weekly Clinic / Things to think about

- Discuss complications of automating communication

  - For your organization

  - For IT / data

- What could be areas of concern when using automated systems like PEGA?

Video Source : *Pegasystems on YouTube: Always On Customer Engagement, Orchestrated by AI*
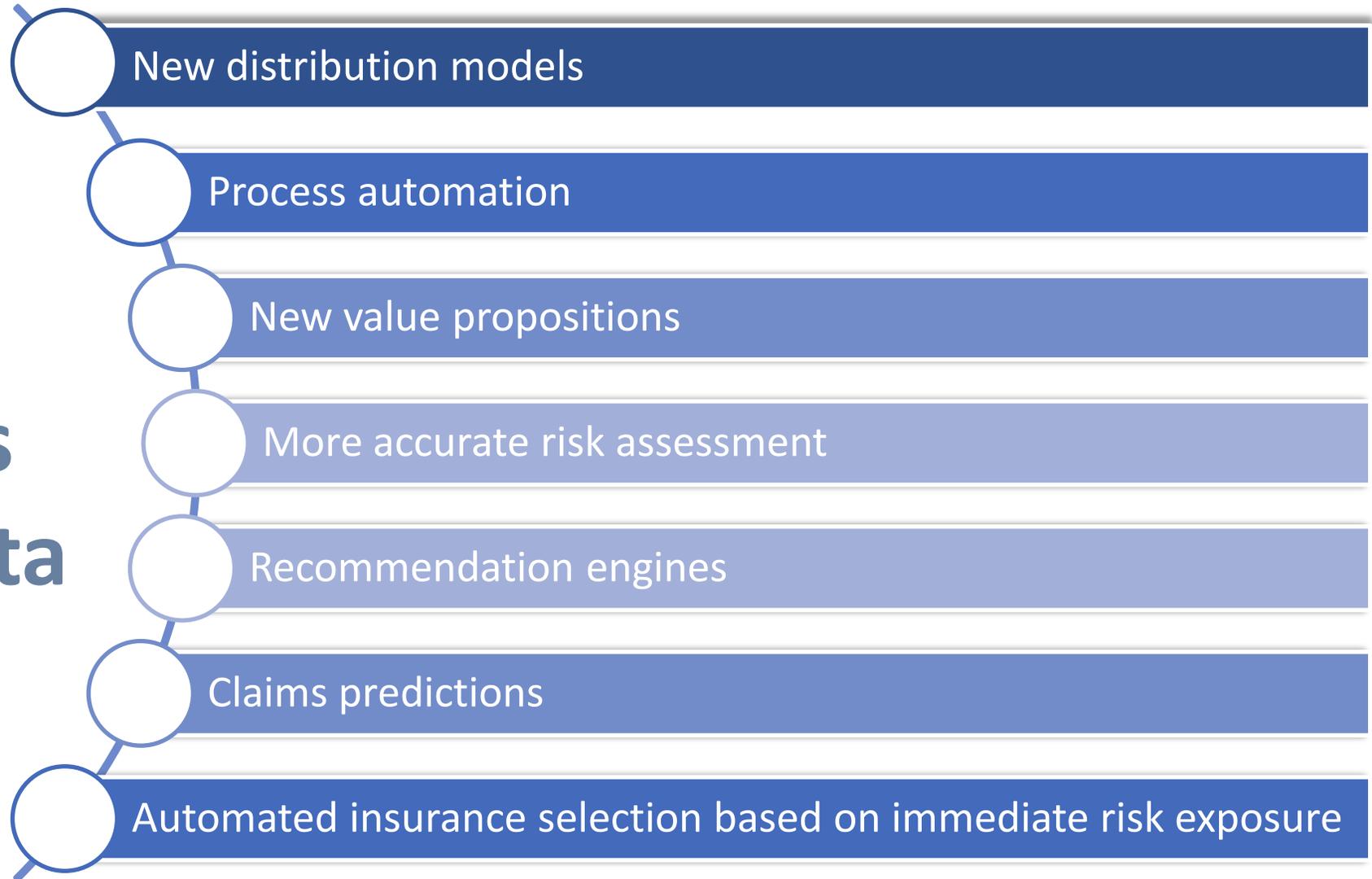
Insurtech trends and data dependency

- **Automation** – back- and front-end workflows, underwriting, quote processing, claims, policy-related queries, etc.

- **Personalization And Fraud Detection** – leveraging customer behavioural data (from social media, IoT devices, etc.) to offer personal insurance offerings, enable advanced risk assessment and detect / reduce fraud.

- **Internet Of Things** – optimal policy pricing based on sensor data from cars, wearables, household sensors, location-based services, etc.

- **Drones And Satellite Imagery** – assist in claims processes, inspect properties, etc. (16 % of P&C insurers are planning to uses drones).

- **Intelligent Process Automation (IPA)** – process automation as a service ("automated RPA")
  - **Smart Email Triage** – automated e-mail classification via NLP for faster handling time.
  - **Intelligent Data Extraction** – extract relevant data from structured and unstructured sources for quotes, claims, etc.
  - **Cognitive Q&A** – conversational interfaces for brokers, customers, agents, etc., based on several sources of information.
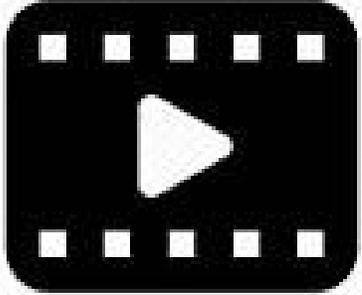
Source: *Forbes Technology Council - Technology And Trends Shaping Insurtech In 2019 And Beyond*

Future Usage Scenarios of Big Data

- New distribution models
- Process automation
- New value propositions
- More accurate risk assessment
- Recommendation engines
- Claims predictions
- Automated insurance selection based on immediate risk exposure

Your car as insurance broker

Watch how a car is broking insurance based on real-time risk exposure and insurer appetite

Duration: 6 mins

Video link

Possible discussion points for Weekly Clinic / Things to think about

- What other insurance products can be sold in this way?

- Is this a realistic scenario?

Video Source : IOTA foundation

Summary

- Data has been, is, and will continue to be the foundation for insurance (risk assessment, underwriting, portfolio analysis, customer engagement, etc.).

- Keeping up with technology won't give you an edge, you'll have to be ahead of the development if you want to make a difference.

- New business models will rise and it's important to be ready to embrace them – or take part in creating them.