

Game On: How Information is Changing the Rules of Insurance

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The ability to extract meaningful insights from information assets is becoming a source of competitive advantage--changing the landscape of the insurance industry by making information both more cost-effective to acquire and more critical to success.

Those insurers that can effectively manage, disseminate, and mine data to drive improved enterprise-wide decision making and responsiveness will likely find themselves among the winners in the marketplace of the future.

Game On: How Information is changing the rules of Insurance

Speaker Bio



Kelley Buchanan
Managing Director

- Kelley is a Managing Director in PwC's Insurance Advisory practice based out of Chicago. With more than 20 years of experience as a senior executive in the insurance industry, she has led numerous business transformation and growth initiatives. Her focus at PwC will be on advising clients on creating Information Advantage through data, business intelligence and analytics.
- She brings a comprehensive experience set in various CFO, Chief Strategy Officer, and Divisional President roles, as well as leading Enterprise Business Intelligence and Analytics efforts.
- Prior to joining PwC, Kelley held senior roles at TransUnion, Marsh, Travelers and CNA Insurance.

Agenda

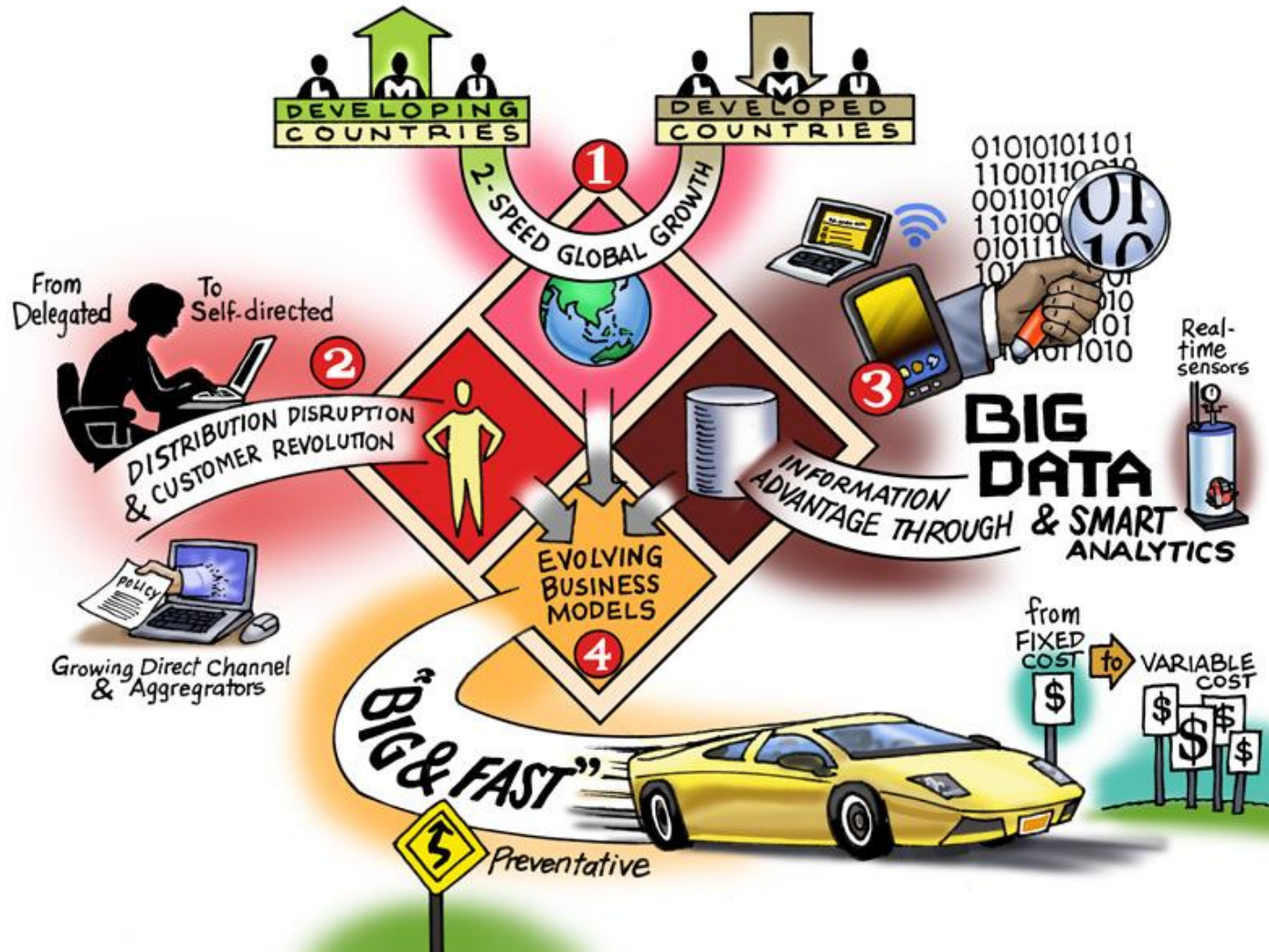
**Our
Goals for
Today**

**Point of
View on
Information
Advantage**

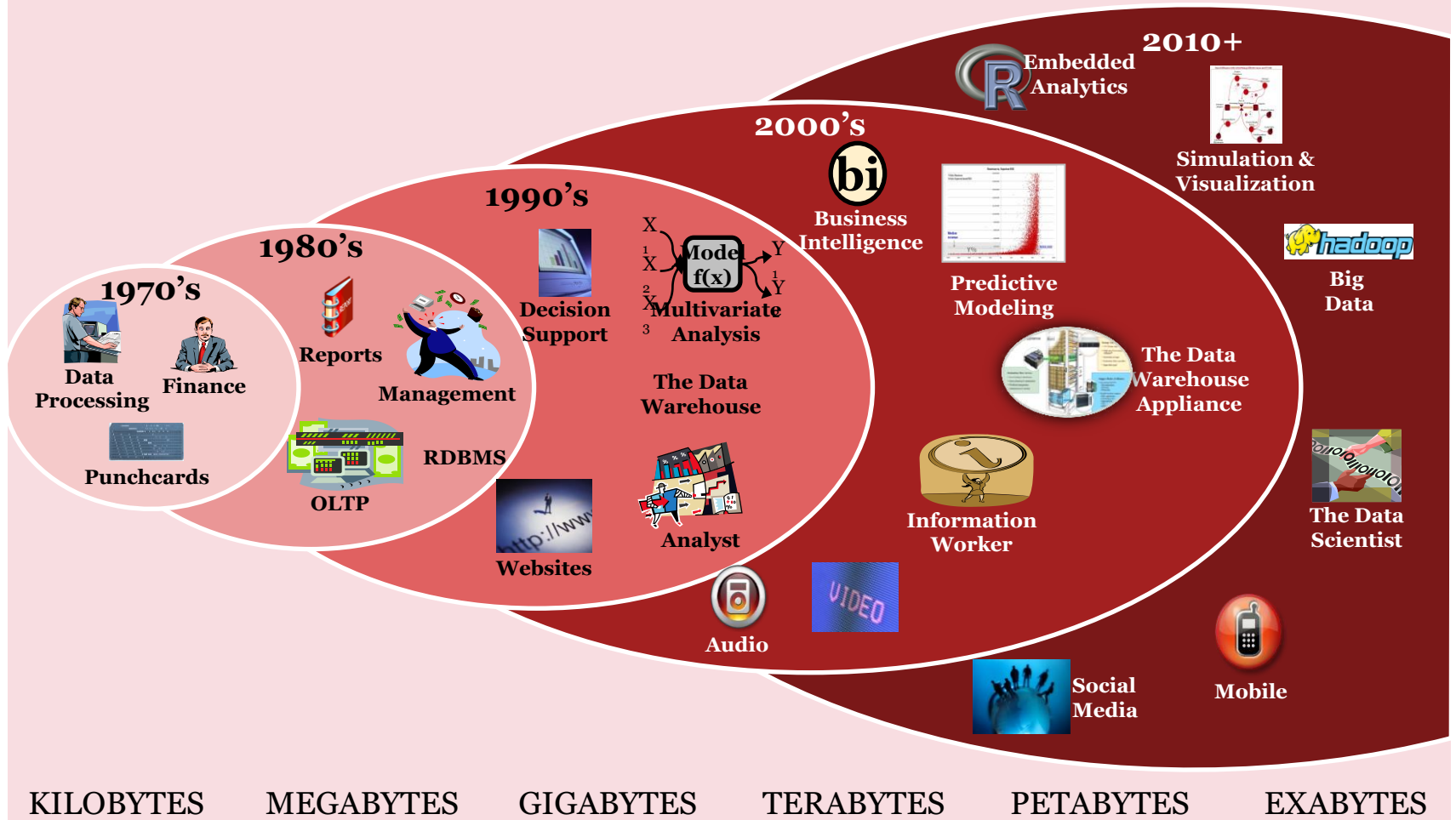
**Facilitated
Q&A**

- ❖ What is an Information Advantage?
- ❖ Why is it necessary? What are the implications?
- ❖ How can an organization achieve an Information Advantage?

Global mega-trends are structurally changing every aspect of how insurers compete



The pace of change in the data and analytics landscape is creating unique opportunities and challenges for insurers



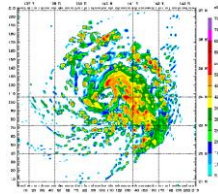
4.7 GB is a DVD

10TB is the Library of Congress

20PBs is Google Daily Volume

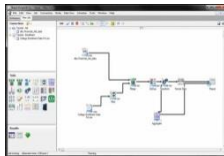
5EBs is every word ever spoken

Insurers must shift the paradigm beyond traditional BI to achieve an Information Advantage

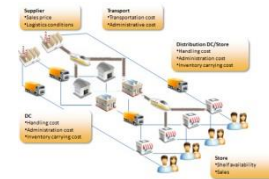


Simulation

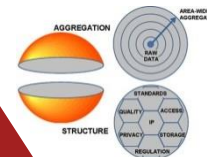
Optimization



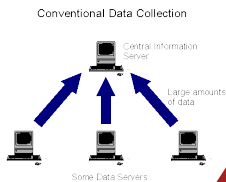
Predictive Modeling



Data Aggregation/
Reporting



Data Collection



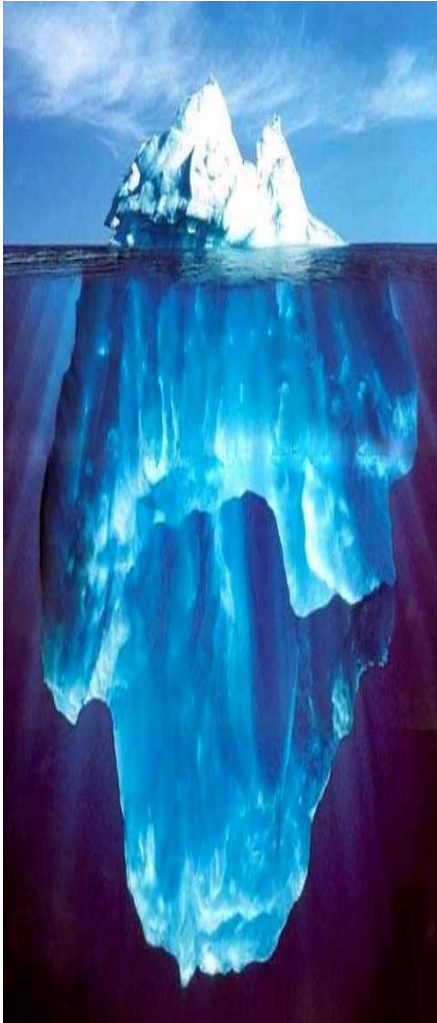
Advanced Analytics

Anticipating and shaping the direction of the business

Traditional Business Intelligence

Sensing and responding to changes in the business

But companies are faced with significant barriers when they attempt to create an Information Advantage



Obvious

- Inconsistent, incomplete, and latent data
- Inability to substantiate data and reports
- Lack of data policies, standards, definitions, and access
- Proliferation of sources, platforms and tools, rules, and 3rd party providers

Below the Surface

- Inability to identify high value business levers and their information needs
- Lack of sustained executive support
- Limited organizational capabilities required for insight, action and results
- No accountability for delivering business value
- Inadequate governing priorities
- Underestimating the change effort
- Misjudging the technology complexity in key areas like data quality, systems of record, integration architectures, reporting and analytics

Companies can develop an Information Advantage by looking at decision processes across their organization

Decision Cycles

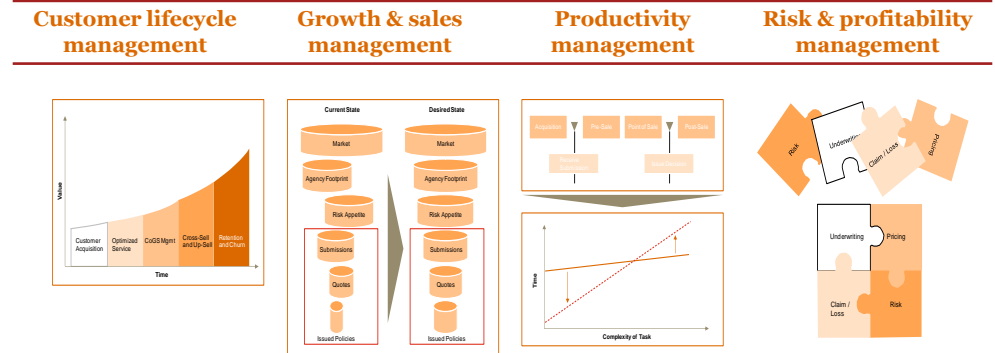


Decision making cycles relate to:

1. Gathering
2. Organizing
3. Analyzing, and
4. Understanding data

This is all done in relation to key decisions, and transforming that data into actionable information and insights to influence business decisions

Decision Processes



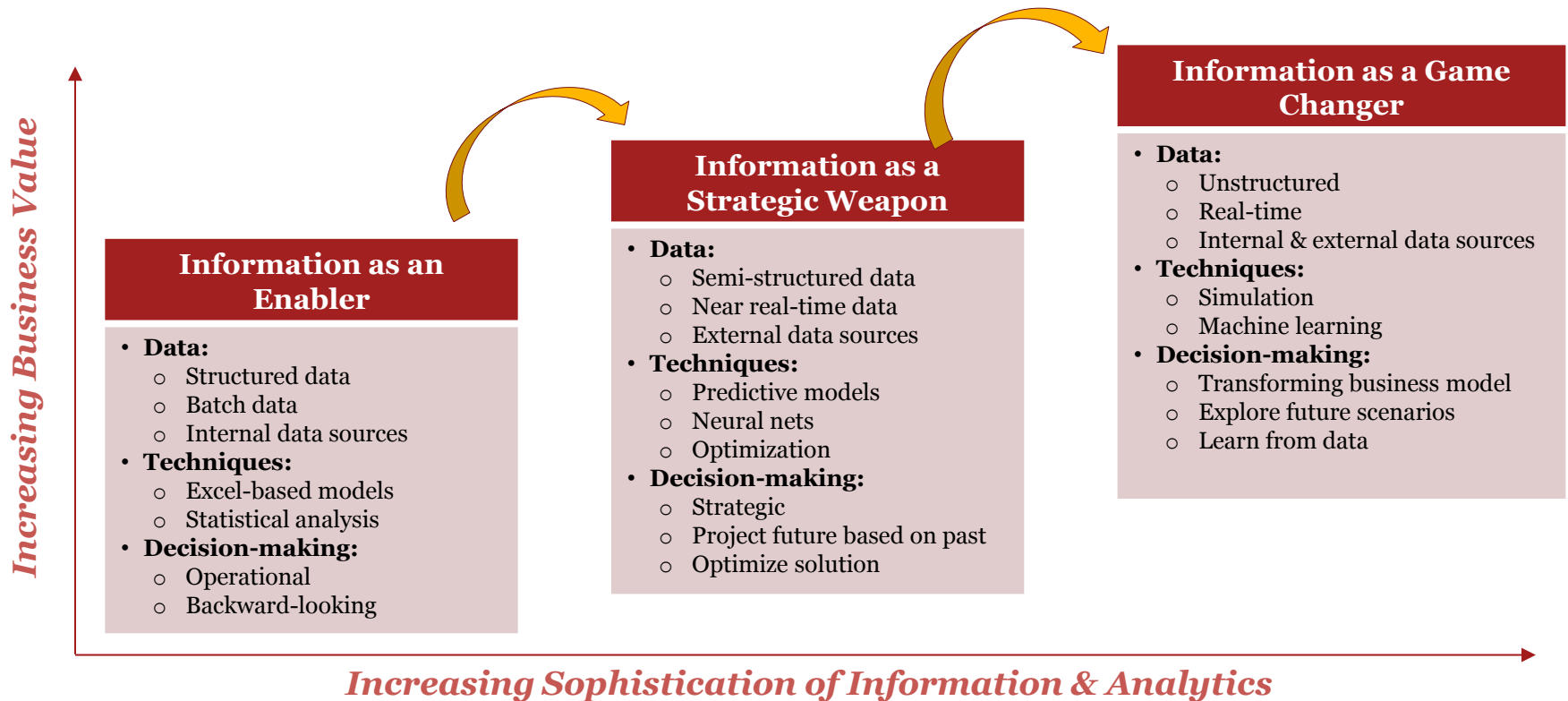
Knowledge processes explain how various types of information are used to make decisions across the organization in a more integrated and comprehensive manner.

They can be applied to every stage of the value chain to drive improved business performance

Leading companies are transforming how they use information, analytics, and decision making to build a competitive advantage

‘Dashboard’ View – Static Insights (Traditional Approach)	‘Cockpit’ View – Dynamic Visualisation (New Approach)
Starts with <u>Data</u>	Starts with <u>Decisions</u>
Data <u>warehouses</u> and marts	Data-driven <u>Mash-ups</u>
Requires <u>translation</u>	Information in <u>context</u>
<u>‘Dashboard’</u> (historical) view	<u>‘Cockpit’</u> (forward-looking) view
<u>‘Siloed’</u> thinking	<u>‘Systems’</u> thinking
Driven by <u>large multi-year</u> projects	Driven by <u>iterative and agile</u> projects
<u>Static reports and graphs</u>	<u>Dynamic visualisations</u>
<u>Technology-led</u>	<u>Business-led</u>

Opportunities exist to increasingly exploit unstructured data with smart analytics to create an information advantage

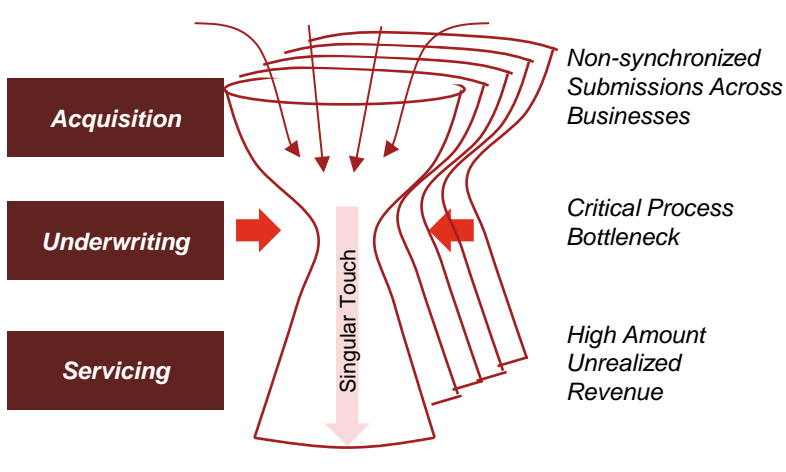


- Sophisticated ‘unstructured’ data capture for real-time insights
- Big data (social media, multimedia, news, etc.) creates new opportunities for growth, efficiency, and risk management
- Advanced use of mobile and sensor devices (e.g., telematics and its impact on auto insurance)
- More insightful use of predictive modeling and simulation based analytics to facilitate decision making

Strategic Weapon: Underwriters are using analytics to expand sales and augment new business capacity

Current View:

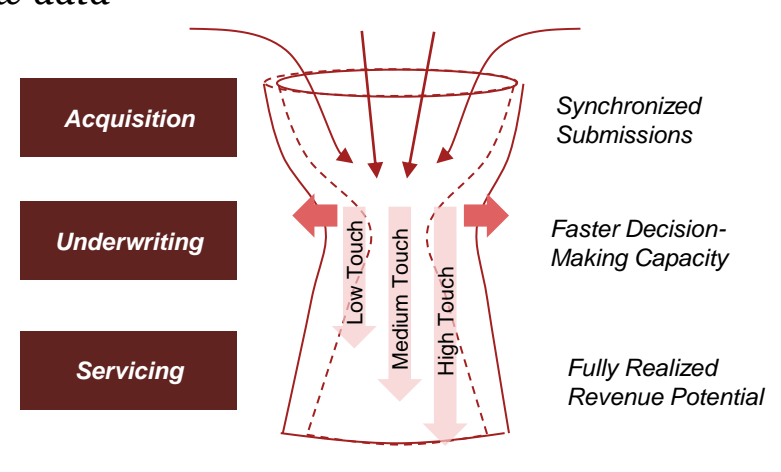
Process bottlenecks stymie potential



- Non-synchronized and inconsistent underwriting processes across business units
- Each business unit handling submissions with a singular level of touch, regardless of complexity
- Critical process bottleneck with underwriting capacity tied up in unproductive areas

Future View:

Optimization will help scale up to handle all the new data



- Standardized enterprise underwriting process driving consistency and synchronization across business units
- Optimal levels of touch adapted to underwriting complexity of submissions
- Rule-driven underwriting on less complex risks freeing up underwriter capacity to focus more on acquisition

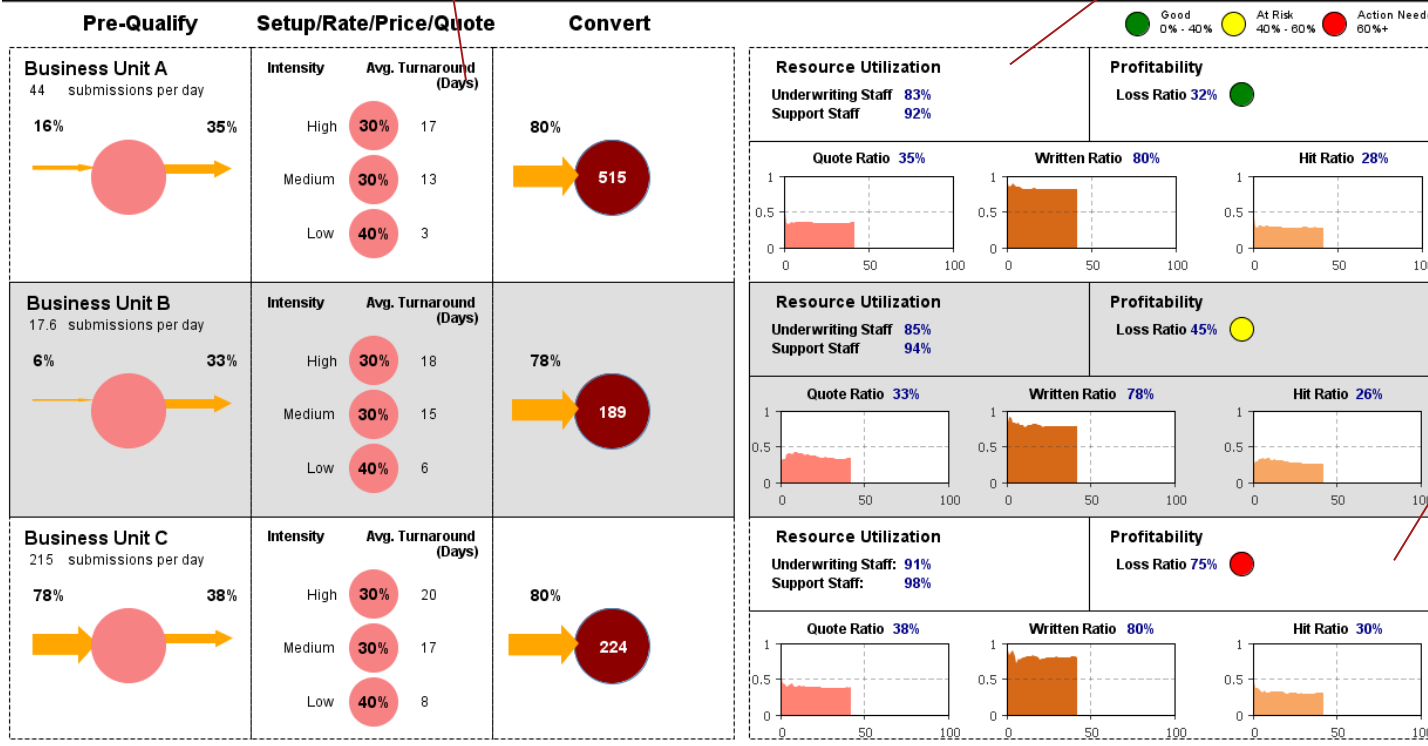
Game Changer: Operational 'cockpits' enable managers to redirect capacity from conventional UW activities to acquisition activities

While unexpected increase of the average turnaround may have an immediate negative impact on the conversation rate, too much focus on "ease of doing business" may hurt profitability in the long term.

Multiple staffing models should be tested in order to improve resource utilization while increasing underwriting throughput and sales performance.

Underwriting Intensity Model

Inputs: Staffing Model, Processing Times, Submission Distribution, Submission Volumes, Conversion Rates



Impact on profitability or retention, which will typically occur with a time delay, should also be carefully monitored.

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