

Analytics Accelerator for Insurance Enabling a culture of self-service



Now more than ever, insurance companies are facing a variety of forces that make it difficult for them to compete in the global marketplace. These forces include slow industry growth, commoditized product offerings, pricing pressure from low-cost competitors, shifting channels for customer interactions, increased marketing spending, and demand for customer transparency.

Put together, these challenges are reshaping the strategies of insurance companies and giving rise to new considerations:

1. Customer insight

- Changing customer demographics and needs require insight into interactions, behaviors, and customer segments
- Customers are expecting that we know who they are across insurance products and distribution channels
- The definition of a customer is expanding to include not only insured parties, but payers, claimants, distributors, and others who play a role on a policy or claim

2. Business development and growth

- Distribution channels are changing to include more captive and in-house agents
- Introduction of new and innovative products may benefit from insight into where customer demand lies

- Competition from banks and other financial services firms is causing insurers to identify differentiated products and services

3. Operational efficiency

- Mergers and acquisitions generally require rapid integration of technologies and books of business to realize efficiencies
- Diminishing investment income are forcing insurers to streamline business processes
- Inefficient underwriting practices and stringent guidelines are impacting processing times
- Disparate and non-integrated systems often lead to redundancy and inconsistency in customer and product data across systems and, with it, manual processes and high error rates

4. Measure and manage risk

- Market volatility requirements from regulators tends to require continuous valuation and monitoring of investments
- Assessment of many risk characteristics and rating factors for a risk type may be required on a continuous basis

5. Auditable regulatory reporting across the enterprise

- Increased need for diligence and transparency in regulatory reporting
- Timely response to audit requests by regulators and inspectors

6. Insightful reporting that leads to foresight and process management

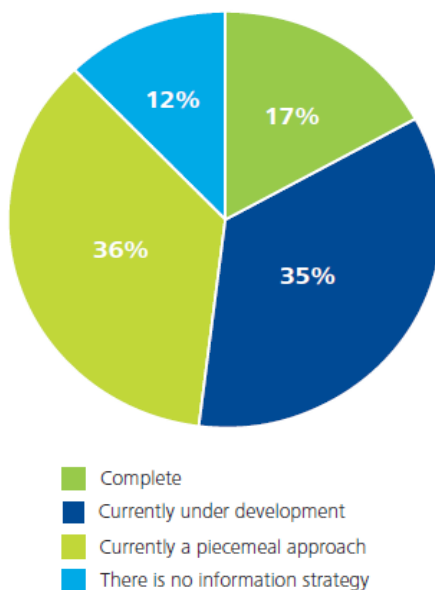
- Embedded profile models trigger real-time offers for the next leading product or service
- Decision and outcomes give insight into underwriting and claims processes
- Behavior and data patterns give way to fraud detection to minimize losses

Information management is a business imperative...

Yet many insurers fail to recognize the business value of data. Instead of treating information as a strategic asset, many insurers maintain data in separate silos to support their underwriting, claims, billing, and other business functions.

According to a recent Deloitte survey conducted among some 300 financial services professionals, establishing an enterprise-wide approach to data management is a goal for many companies. Only 17% of survey respondents say that their organization's information strategy is complete and 35% report that it is under development. Another 36% of survey participants report that their companies take a "piecemeal" approach to data management and 12% admit that their organizations have no information strategy.

At which stage is your organization's information strategy?



Source: Deloitte Survey

The lack of integrated information management in most insurance companies can/may limit their ability to perform important business functions. They know their data is full of potential. Stored and siloed throughout their business, it can represent a wealth of possibilities. Examples of potential benefits that insurers can achieve include the following:

- Effective campaign management
- Underwriting process improvements
- Profitability analysis
- Fraud management
- Effectiveness of distribution channels
- Litigation management
- Customer persistency analysis

Today's business pains underscore the importance of consistent, reliable information for sound decision making.

Leap frog to better information management

Shifting market dynamics in the insurance industry have led to the emphasis on information accessibility and management. As insurance companies shift their operations from product-centric to customer-focused business models, their information management capabilities should support this transition. Multiple versions of customer information and disparate data sources may be required to converge to create a coherent, 360 degree view of the customer.

Information models are a method to clearly lay out the framework required for answering critical questions leaders have when making decisions. Insurers need access to information across source systems and the ability to consolidate that information to understand the larger picture. Technologies that provide interactive information access to business users are considered a top priority of insurers. As a result, the focus on business analytics has gained high priority.

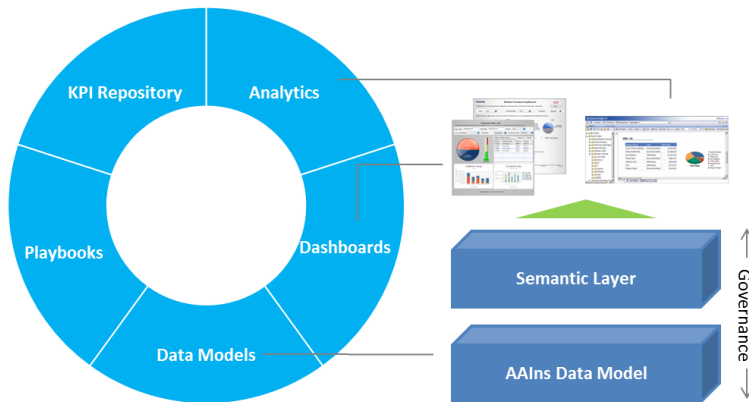
No matter where you enter the cycle of business analytics — analytics insight, performance management, information management, and business foresight — the challenges of execution and adoption are similar.

Knowing which questions to ask — where the most relevant and valuable insights are likely to be found — is the foundation of any analytics initiative. It requires collective intelligence that spans industry, function, and technology — such as found at Deloitte.

Analytics accelerator for insurance

Deloitte's Analytics Accelerator for Insurance (AAIns) solution is designed to address these common challenges by providing a working platform that demonstrates the value and possibilities of using analytics in major functions of an insurance carrier with accelerators:

- Data model blueprints, enabling accelerated design and development
- Key performance indicators (KPI's) based on industry leading practices grouped by function and business drivers
- Integrated semantic layer that creates a unified view of information
- Prepackaged dashboard and analytic templates that span critical insurance areas
- Collection of insurance specific tools and standardized project deliverables designed to accelerate the implementation cycle



The solution builds on recent and ongoing client work across the following disciplines of an information management project:

Discipline	Capabilities
Data Strategy	Data Strategy encompasses the overall BI/DW strategy and assessment, from current state, future state, gap analysis, and roadmap development.
Requirements	Requirements elaboration includes a process driven approach to gathering information needs across functions.
Data Governance	Governance includes the rules, policies, procedures, roles and responsibilities that guide overall management of data. Governance provides the guidance to determine that data is defined and consistent based on a set of enterprise data standards to meet the business goals and fulfill compliance requirements.
Master Data Management	Master Data (sometimes referred to as 'reference data') describes core entities of an enterprise that are used by multiple business processes and IT systems.
Data Integration	Movement of data from source systems to Data Warehouse to downstream analytics and other applications.
Data Warehouse Architecture	Data Architecture is a key capability of any data management effort as it encompasses the design of data repositories that are logically aligned with the business and are physically managed for fast retrieval.
BI Analytics	Business Intelligence (BI) Analytics consists of reporting on the current state of an enterprise as well as predictive models for certain business areas.
Predictive Modeling	Statistical techniques to predict future outcomes and improve the overall ability to segment a population on the basis of potential outcomes.

AAIns provides a foundation, accelerant, and increased capacity for implementing Business Intelligence, Data Warehousing, Master Data Management, and Analytics capabilities.

Enabling a culture of self-service

Deloitte's Analytics Accelerator for Insurance offers a means by which business users can access information in an efficient and effective way to enable informed data-driven decisions. This means providing users with access to information at the required time, through the desired means.

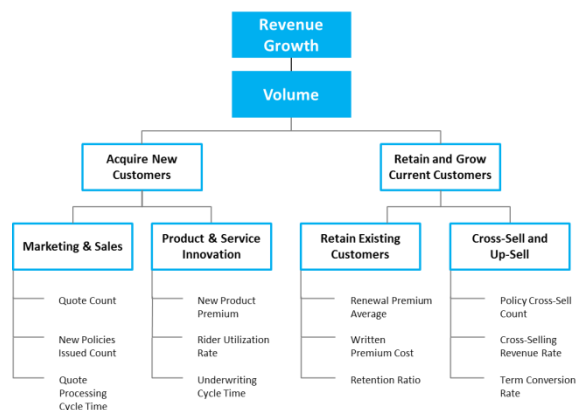
A self-service approach can enable users to support their information needs with access to specific tools, skills and training. More specifically, AAIns can enable business users to:

- Slice and dice information in many ways to provide a deeper understanding of business-related data
- Measure performance where business strategy is linked to goals and objectives, which are then monitored via KPI's
- Analyze information using a top down approach by viewing summarized KPI's with the ability to drill through to underlying details
- Report on information from internal and external sources

In a self-service environment, users are equipped to use predefined self-service applications or even to develop their own reports, conduct their own analyses and distribute them to their communities. Common definitions, easy access, availability of data and appropriate training are examples of functionalities designed to enable a culture of self-service.

Defining critical information needs

Deloitte brings to the table in-depth knowledge of standard KPI's required to analyze performance across many levels of an insurance company. This knowledge base has been developed from our extensive experience working in various assignments to help organizations identify their performance metrics. Deloitte's approach for structuring an organization's KPI's starts with value drivers linked to long and short term goals. The linkage between value drivers to KPI's is illustrated below:



Client specific requirements are integrated to arrive at a functional model that aligns with industry standards, yet provides flexibility to address a carrier's strategy.

Blueprints for success

A common model is organized, aggregated, standardized, and accessible to answer critical business questions, provide insight, enable foresight, and measure success. More specifically, the common data model can provide:

- Ability to capture and rationalize disparate insurance data into an enterprise wide view of information
- Detailed analysis of the common areas of concern for insurers such as customer transparency, distribution channels, operational efficiency and risk management
- Data structures that support strategic and tactical decision making
- Business and technical metadata strategy to determine traceability of a report field to the original source(s)

Addressing the needs of insurers, the AAI's data model is generic and flexible, featuring a normalized structure designed to capture the most granular data from source applications with minimal transformations in a technology and tool agnostic manner.

Business Intelligence semantics

Deloitte's AAI's solution includes business intelligence semantic models developed in leading tools, such as Cognos BI, Oracle BI, and Business Objects. Each of these semantic models provides a catalog of drag-and-drop measures and dimensions that enables self-service reporting and analytics.

The model abstracts the complexity of the underlying data and creates a unified view of information, with common business terms, business rules, and consistent calculations of metrics. Business users can thus access a harmonized view of customer and product information.

Insight to foresight

AAI's enables advanced analytic capabilities by provisioning standardized customer, product, and operational data for predictive modeling. To that end, Deloitte offers insight into how these capabilities can be realized to extract meaningful business information and create a view into future potentials.

Looking ahead

Deloitte's Analytics Accelerator for Insurance solution provides a foundation for delivering a consistent and adaptable enterprise information management landscape, driving improved operational decision-making and business processes.

In line with the growing trend of industry specific analytic applications, the AAI's solution is considered an imperative for enabling detailed, multivariate analysis into an insurance company's information-rich environment through a combination of strategy, data models, and self-service analytics.

Though many techniques of analytics may not be new, the competitive and operational necessity of analytics is and it is likely to grow as insurer's come out of the soft market and increase focus on growth and margins.

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