Delivering Insurance Business Value With Enterprise Data Strategy

An Aite-Novarica Group Research Partners Program™ Report
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Executive Summary

The insurance industry is moving toward more automation, customer-centricity, and augmented decision-making, all while new technologies are bringing more and more sources of data. These factors are driving home the importance of a centralized data strategy within insurers that promotes enterprise access and a single source of truth.

A successful data strategy isn't just about implementing the right technologies; people and culture are equally important. Understanding how to properly value strategic data investment is key to a cultural shift. Individual data use cases have clearer ROI, but transformational value looks across all data investments. This requires engaged partnerships and experienced service providers.

At their core, insurers are data companies. Insurers possess vast quantities of data, and new data sources and technologies continue to emerge. Future competitive edge will depend on the ability to incorporate emerging data streams and make sense of data in new ways. This means implementing a flexible data strategy and rethinking culture, team, process, and technologies.

This report presents and discusses the findings of interviews with ten property/casualty insurance carriers that are investing in data strategy. The insurers varied in size between midsize and large.

This report is a product of the Aite-Novarica Group Research Partners Program, which enables industry sponsors to underwrite surveys on topics of interest. These interviews are conducted using the same methodologies and with the same respect for participant privacy as Aite-Novarica Groups's independent surveys and reports.

Underwriting sponsors have input on question design and general characteristics of target respondents only.

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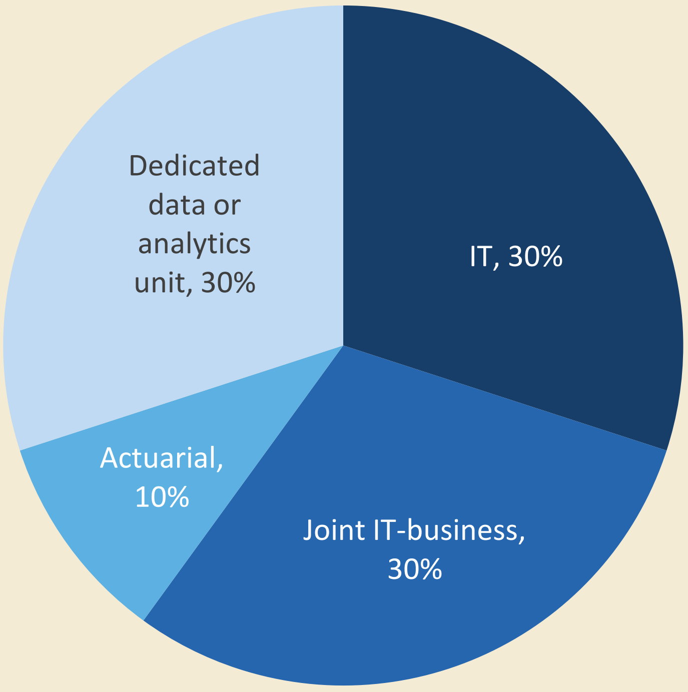
IT Owns Data Strategy, and They Know They Shouldn't

Most insurers are trying to figure out where data strategy should live. Currently, the burden of data strategy tends to fall directly on IT.

Who Should Own Data Strategy?
Insurers recognize the need to involve all parts of the organization, whether a cross-functional approach or a dedicated group. Some share ownership between business and IT; others have established collaborative groups of business SMEs, data scientists, and engineers. Even when there are dedicated data analytics units, IT is often ultimately in charge of the strategy itself.

Why Should Someone Own Data Strategy?
CIOs recognize that IT ownership of data strategy is not the right long-term solution. Data strategy is about top-down decisions that impact the whole organization. These groups must be able to prioritize and plan with their own strategic goals in mind, working with IT as a partner but not an owner.

Who owns data strategy?



Insurers Are Centralizing Data Strategy Resources

Insurers vary in their approach to data strategy ownership, but in a positive move, most are centralizing resources. As resources centralize, strategy ownership will follow.

Insurers have a mixed bag of data engineers within IT combined with data analysts and data scientists elsewhere in the organization. Data strategy may live with one team, while insights and reporting may lie with others.

Many insurers are working toward centralizing data through a Center of Excellence (CoE) or data stewardship. Insurers are also consolidating systems and establishing a single source of truth for data.

A handful of insurers indicated establishing data and analytics teams as part of a longer-term strategy; presently, these teams are often an extension of IT or even actuarial.

CIOs say…

"IT controls plumbing of data flow…data science is using that data to provide insights into what is happening."

"Over time, we will start overlaying true data governance and data stewardship."

"We're in the early stages trying to consolidate. We spent a lot of time figuring out how best to extract data."