

Driving Business Value With Insurance Data Analytics



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Executive Summary

The property and casualty insurance industry stands on the cusp of a transformation, with data analytics playing a pivotal role. Data analytics has emerged not only as a means to achieve operational excellence but also as an indispensable tool for business growth and competitive positioning. Recent findings in Gartner's "Reimagine Insurance with Data and Analytics" report spotlight the tangible benefits of this shift, noting that insurers who adeptly leverage data analytics could witness an upsurge of 10 to 25% in their operating profits.

Despite such promising prospects, a mere fraction — less than 20% — of the surveyed insurers self-identify as genuine data-centric entities, Gartner said. This gap underscores the pressing necessity for insurance entities to fully integrate data analytics to navigate and succeed in this evolving arena.

The path isn't without hurdles; insurers often grapple with issues ranging from data source proliferation to the need for standardized data models and consistent key performance indicators. Yet, the potential rewards are manifold. Through strategic application, data analytics holds the power to revolutionize sectors from underwriting to claims processing and operations, aiding in superior decision-making processes.

Tools like Microsoft Power BI, Tableau, and Qlik are at the forefront of this transformation. Offering an array of self-service business intelligence features, they enable insurers to glean insights from diverse data sets, ultimately fostering improved underwriting, streamlined claims management, and enhanced operations.

This whitepaper offers a look at:

- The hurdles insurers face in harnessing data analytics
- Examples of how these tools are being employed across the insurance value chain
- A 5-step approach to data maturity

Through actionable insights and a roadmap to effectively harnessing self-service analytic tools, it seeks to guide insurers toward a data-driven future.

The Urgency for Insurers to Leverage Data Analytics

In today's rapidly evolving insurance landscape, the ability to leverage data analytics has become a critical factor for insurers to grow their businesses, gain a competitive edge, and improve operational efficiency.

According to Gartner's "Reimagine Insurance with Data and Analytics," insurers who effectively harness data analytics can achieve a 10% to 25% increase in operating profits, highlighting the significant value and potential impact of data-driven strategies.

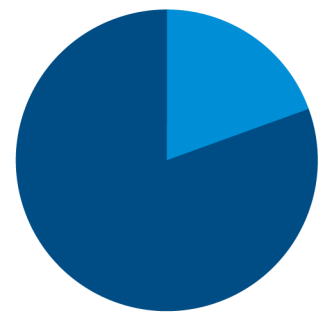
While the potential benefits of data analytics are substantial, fewer than a fifth of those insurers surveyed consider themselves to be truly data-driven organizations. This indicates the urgent need for insurers to embrace data analytics to remain competitive in an industry experiencing rapid transformation.

To address these challenges, insurers must first understand the obstacles they face in deriving valuable insights from data. Some common challenges in the insurance industry include:

- The proliferation of data sources
- Difficulties in accessing and formatting data
- The need for standardized data models and key performance indicators (KPIs) to support enterprise-wide data utilization



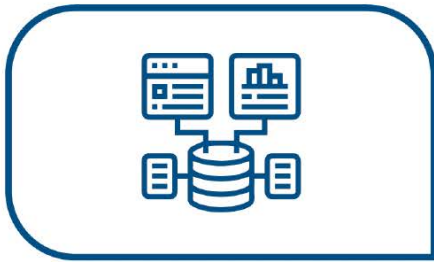
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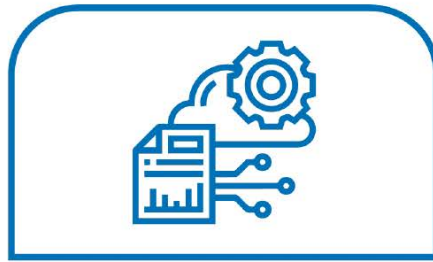
Fewer than **1/5th** of insurers surveyed consider themselves data-driven.

¹ "US Commercial Insurance Market (2022-2027) by Type, Distribution Channel, Enterprise, Industry Vertical, Competitive Analysis and the Impact of Covid-19 with Ansoff Analysis," Research and Markets, Sept. 12, 2022

Common Challenges in the Insurance Industry



The proliferation of data sources



Difficulties in accessing and formatting data



The need for standardized data models and key performance indicators (KPIs) to support enterprise-wide data utilization

However, despite these challenges, insurers have immense opportunities to apply analytics in various aspects of their business to create measurable improvements. From underwriting and claims management to customer experience and operational efficiency, data analytics can provide insurers with actionable insights and enable informed decision-making.

By leveraging cloud-scale data analytics tools insurers can empower their employees to conduct data analysis, make timely business decisions, and optimize their operations. These tools provide self-service business intelligence capabilities, enabling insurers to extract valuable insights from structured and unstructured data sources. This, in turn, facilitates better underwriting decisions, improves claims management processes, and enhances overall operational efficiency.

However, applying insights derived from data analytics to enhance different facets of the insurance business requires insurers to address their challenges with data and invest in maturing their data analytics capabilities.