Insight for the insurance industry

A tidal wave of data is drowning the enterprise. A terabyte, maybe two a few years ago, has grown to several petabytes for the larger entities and most cannot cope with the speed and velocity at which this data is coming at them. Moreover, the vast majority of the data is unstructured, meaning that some 80% of data isn't stored in manageable and easy-to-use databases.

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Gerald Naidoo, CEO of Logikal Consulting, an IBM partner, said that despite this flood of data, most business decision makers do not have true, actionable insight. "One sector for which this is particularly true is the insurance industry. Luckily, IBM is helping insurance companies to harness their big data effectively and to achieve this insight."

He said that insurance companies are focusing on four main areas to gain a competitive advantage: "Firstly, creating a customer-focused enterprise; secondly, optimising enterprise risk management; thirdly, optimising multi-channel interaction, and; finally, increasing flexibility and streamlining operations."

Customer care is the key to customer retention

Naidoo said that, understandably, predicting customer behaviour and gaining a view into lifetime value are crucial not only to product development, but to claims and policy serving capabilities. "Customer care is the key to customer retention and, therefore, a successful insurance business. Today's customers want self-service options and personalised experiences, and carriers need to tailor solutions to meet these needs."

He added that insurance carriers need to be able to analyse their campaigns in real time to be able to introduce initiatives and change campaigns on the fly. "In order to do this, they must be able to process enormous volumes of data extremely quickly, including transactions, customer behaviour and contact history."

IBM's big data platform enables insurance companies to improve customers' satisfaction and retention, speed up offer acceptance, understand customer attitudes and boost cross and upselling.

In terms of risk management, Naidoo said that insurance companies must protect against enterprise risks including insolvency and non-compliance. "Through insights gleaned from IBM's analytics solutions, insurance companies can monitor the performance of their financial capital and discover ways to prevent, predict, identify, investigate, report and monitor attempts at insurance fraud."

Moreover, they have the ability to spot patterns and trends that can quickly identify crooks and improve fraud prevention in the future, he explained.

A unified distribution channel

Speaking of optimising multi-channel interaction, Naidoo said that integrating new, and expanding, distribution channel options means that carriers need to offer consistent and coordinated experiences across the various channels while still providing sales and services cost-effectively. "In this way, it is simple for agents, brokers and other distribution channels to conduct business with insurers and boosts their productivity. From the insurer's side, they have a unified distribution channel, which lets real-time opportunities be captured.

"Insurers must be able to get the most from their data in order to be able to understand their markets, customers, distribution channels, products, staff, regulations and so on. By harnessing their data, and effectively analysing it, they will have the proper tools in place to understand their customers and markets, and be able to compete effectively in this information economy."

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