



The Top 5 Five Data Challenges. How P&C Carriers Must Meet Them to Grow Their Business

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Every insurer addresses its application needs with an eye on the future. Most have a roadmap to guide them over the course of the next three to five years. However, the vast majority do not typically address data with the same level of formality and maturity with which they handle their applications. This has to change. Insurers that use data analytics effectively will have enormous advantages. They will spend less for more benefit, identify efficiencies and opportunities, and have the information to make better, more insightful business decisions.

That's the good news.

The not-so-good news is that fully harnessing the power of data is no easy task. I've outlined the five top data challenges for insurers today. In subsequent postings, I'll take a deeper dive into each of them to provide a better understanding, not only of what insurers are facing, but how they can overcome them.

1. Identifying assets

Data lives everywhere. Every transaction, in every application, at every moment of the day, data is being generated. But where is it and what is it? Vital, game-changing data can be found from a myriad of sources, including core applications, integrated and non-integrated third-party solutions, general ledger, regulatory agencies, social media and even spreadsheets. Data comes in many forms and formats. Locating, inventorying, and identifying the data assets so you can assess your data picture is the first challenge, and an essential first step.

2. Collection and Aggregation

Once data has been identified, the next challenge is how to get it into a usable form and bring it into a unified, defined and similar data context. This is critical. With data coming in different forms from different places and technologies, what you get, when you get it, and how you put it together can be a highly complex process. Some data will be accessible. Some won't. Some will have to be transformed, cleansed or parsed. The goal is for the data to be reliable, available, and consumable by your entire organization. You'll need a process to effectively collect and aggregate data before you can benefit from it.

3. The Data Model

By definition a data model organizes data elements and standardizes how the data elements relate to one another. Data must be in a coherent construct that will set the foundation for use throughout the insurer's organization. Creating an insurance data model from scratch is a major undertaking and back in the day (fifteen+ years ago); it was a normal and accepted practice to build your own, proprietary data model that typically was a hybrid of the applications feeding it. Over time, those model(s) expanded as additional needs surfaced. But in today's highly connected, data rich world, having a proprietary property casualty, "homegrown" data model provides no real competitive advantage. In fact,

it can create a hindrance to the growth of your business. Insurers should leverage a data model that is based upon industry standards to reduce data complexities and streamline the process of organizing insurance data.

4. Data Availability

Gone are the days when an insurer can afford to have their data accessible by only a handful of IT resources who have to wade through a backlog of user requests before delivering. In order for a company to derive maximum value from its data, users throughout the organization must be able to gain access to it using tools that they're familiar with...and without having to get IT involved in every request for information. Therefore, it is critical for the company to create and publish a coherent, comprehensive data dictionary. Otherwise, IT remains the constraining access path to every business need, and a bottleneck to solving real business problems.

5. Managing Change

The old adage -- the more things change, the more they stay the same -- isn't true anymore. In the insurance industry, the pace of change has never been quicker. New market opportunities arise. New programs and products are developed. New data sources emerge. Existing ones go away. Growth creates change. Acquisitions, if not handled well, can create chaos. And finally, the sheer amount of data being generated, shared, and managed is expanding at an unimaginable rate. Insurers who can turn their data into information can identify trends earlier and position themselves to take advantage of the industry's evolution. Insurers who aren't taking advantage of data are in danger of being left behind.

The question is: how can your company rise to meet the challenges of change in a manner that will carry it into the future without sacrificing stability or causing major disruptions to the current flow of business.

Don't hope that your organization gets there. Create a Data Roadmap that will get you where you want to go. But that's a discussion for another day.