



The Lighthouse Collective presents

DATA INTELLIGENCE IN ACTION.

DEFINING A NEW STANDARD FOR THE MODERN INSURER

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Introduction

It is hard to imagine a world in which data is not ever-present in our thoughts. Working as part of the insurance ecosystem we consider its potential, its limitations, the challenges attached to reacting to insights, almost constantly. But from the customer's point of view, the concept barely exists. Or at least that was once the case.

Increasingly consumers are gaining 'data literacy' and understanding what we as insurance executives are attempting to measure, and the possibilities that are created, in products and services, safety and education. It is with this common language that carriers can finally build long-lasting and trusted relationships through personalized engagement. But the language must be transparent and simple to understand. It is our responsibility to translate largely complex insights into accessible and clearly defined opportunities for the customer.

Inside of our organizations, and with each passing day, cultural changes and technology are allowing our own data literacy to reach new heights. Consequently, a group of insurers can confidently claim that they are indeed data-driven, data-intelligent and incubators of a common culture that encourages data to be the guiding light.

This whitepaper looks at carriers and individuals that subscribe to data as the key driving force behind intelligent decision-making within an insurance organization as well as a vital tool in developing improved customer experiences. Their quest is 'in action.' It's happening right now. And I'm grateful to the contributors for agreeing to share their experiences.

We hope you enjoy the whitepaper.



GRAHAM
PROUD

FOUNDER & CEO
THE LIGHTHOUSE COLLECTIVE



**DANIEL
MOORE**
 **QBE**

The best insight comes from a blend of expertise, and mixing experience with creativity

Daniel Moore



**JENNY
SANKOVSKY**


Data, insight, engagement and trust. These are all connected and continually feed into each other

Jenny Sankovsky



**HEATHER
WENTWORTH**

ACCELERANT

We 100% subscribe to being a company that centres on data-intelligence for our decision-making

Heather Wentworth



**SRINATH
GOPALAN**


By subscribing to a data-centric philosophy we are able to make granular decisions on how we segment users

Srinath Gopalan

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Meet the contributors: champions of data-intelligence

In July The Lighthouse Collective had the pleasure of discussing data-driven insurance innovation with four shining lights in our industry. Before we delve into the details on data-driven initiatives, challenges and opportunities, let's discover a little more about our key contributors and the organizations they represent.

Daniel Moore is Chief Operating Officer, (North America) at QBE. His responsibilities include the claims organization, the IT component, the transformation strategy (including project and program delivery), as well as operations activities in the enterprise sense. Analytics and risk services are also part of his remit.

QBE continue to invest in in-house data and analytics capabilities with a focus on delivering data-led solutions to build more seamless customer experiences. New industry partnerships have enhanced this cause as the organization continually strives to deliver on high customer expectations.

Heather Wentworth is Chief Data Officer at Accelerant. Ultimately her role requires the creation of a connected culture that manages data as a strategic asset and then to govern the data and processes that facilitate that connection. To support this objective there is a focus on high quality data and trusted analytics, sustainable security and privacy, increasing the data literacy across the group and progressing advanced data capabilities are also part of Heather's strategic goals.

Accelerant is a technology-fuelled insurance platform that empowers MGUs to serve small and medium enterprises more effectively and confidently. They are rebuilding the way that underwriters share and exchange risk by aligning incentives to improve outcomes for everyone, with a focus on the SMBs and their niche insurance needs. They are clearly a forward-thinking and innovative organization, not shy to push boundaries and innovate at pace. Unhindered by issues of legacy the team have built truly data-centric processes and solutions that sit on the cutting edge of insurance innovation. They describe themselves as the 'non-carrier carrier' referencing their non-traditional, technology-driven approach as part of a new generation of insurers.

As Head of Telematics, AAA- The Auto Club Group, Sri Gopalan is focussed on how telematics can play a role in the safety of their members and how customers can benefit (through more attractive insurance policies) by demonstrating safe driving. The importance of the incoming data cannot be overstated according to Sri:

'We are able to make much more granular decisions on how we segment users and create personalized products and policies from a multitude of data points.'

AAA - The Auto Club Group (ACG) is the second largest AAA club in North America, serving more than 14 million members across 14 U.S. states, the

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Heather Wentworth,
Accelerant

"As we enter new phases in our industry, and as new players enter the market, including OEMs, data will be the guiding principle more so than ever before."

Srinath Gopalan,
AAA- The Auto Club
Group

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Insurance

province of Quebec, Puerto Rico, and the U.S. Virgin Islands. For over 100 years, AAA has provided safety, security, and peace of mind. ACG advances AAA's mission by providing a full suite of products and services to millions of AAA Members, from roadside assistance to insurance to travel support. The company prides itself on delivering the highest level of customer service and value to every member. AAA - The Auto Club Group belongs to the national AAA Federation, which is committed to improving the lives of our combined 60 million members across North America.

Jenny Sankovsky is the Product Strategy and Innovation Director at American Family Insurance. Her role includes defining auto strategy as well as having responsibility for research and development in digital innovations. The other component of Jenny's core responsibilities centres on UBI development.

American Family Insurance is an American private mutual company that sells auto, homeowners, life, business and farm/ranch insurance, primarily through its exclusive agents in 19 states. It is the USA's 14th-largest property/casualty insurance group.

How do we recognize data-centric organizations?

The concept of being data-centric and subscribing to a culture that uses data as the driving force is certainly abstract and difficult to define in any certain terms. However, there are attributes that forward-thinking carriers possess that support any claim of achieving data-centricity across organization.

Daniel underlines one such attribute; conscious decision-making at the point of project conception: 'I believe that truly data-driven organizations have excellent forward planning when it comes to their data strategy. It starts by deciding as a company, what information are we looking for and what will we do with that information. Some companies make the mistake of collecting a treasure trove of data but are not clear on what to do with it. So, a clear strategy from the offset is indicative of a data-intelligent company.'

Another common goal in data-centric carriers is the ambition to gather a broad and valuable set of data. 'Carriers must ask themselves how are we collecting third-party and external data and leveraging that to create real value?' Adds Daniel. This can be highlighted as a key differentiator; those that simply govern data versus those that can create a big picture from a multitude of sources.

'We 100% subscribe to being a company that centres on data-intelligence for our decision making,' says Heather Wentworth. 'When we started, we didn't have any legacy constraints and so could work towards achieving 'data-intelligence' must faster. For us this means including more automated and advanced tools for understanding and managing our data.'

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Insurance

rebuilding the way that underwriters share and exchange risk by aligning incentives to improve outcomes for everyone, with a focus on the SMBs and their niche insurance needs.

Accelerant have developed a data intelligence platform that connects to data from point of collection right through any flow or use of that data. This has helped Accelerant to easily understand, very systematically where any data is, how it's classified, how it's being used, and provides a truly efficient and sustainable means of managing data. The efficiency aspect is crucial, as Heather points out:

'Traditionally there's a lot of work to be done in mapping data but through the platform we are able to connect and map in an extremely efficient fashion. We have transformed roles in this space because the traditional requirement of mapping data every time you use it has disappeared. Our ability to unify the data has provided a big advantage to us. Given our top priority is data quality, security and privacy, this has helped us tremendously.'

Jenny Sankovsky of American Family Insurance brings two further attributes to the table when we are considering what qualifies an organization as being data-centric and subscribing to data-intelligence as a key driving force; they are the acquisition of unique behavioral intelligence regarding the consumer, and ongoing engagement.

'We must be gathering insight on our customers' behaviors, their desires, their intentions, and continually challenge our data to serve up this type of unique intelligence.' It makes sense that only through a true understanding of the customer can they effectively be served and offered relevant and timely products and services. Jenny also champions the importance of nurturing useful and welcomed engagement between the carrier and the customer. This is a means of ensuring that future insights with data are protected and relationships sustained. 'Data, insight, engagement and trust. These are all connected and continually feed into each other,' says Jenny.

For Sri Gopalan, working within auto, there is a key point here to be made concerning new battlegrounds. At one time carriers would compete on the grounds of collecting data and serving customers through telematics appropriately. This playing field has evened up and so insurers are competing not in data acquisition or core insights but in providing new and innovative services on top of traditional driver behavior related products. New carriers are hitting back by competing in this sense and building their own brands to face up against the market leaders.

'The biggest players in the market have high volumes of data collected over many years and so can rely on this to target low-risk and attractive customers, which has an adverse effect on the other insurers in the space. However, carriers can hit back by developing bespoke, non-traditional products and services that are attractive to drivers.'

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What are the biggest challenges data teams face today?

'I think the biggest issue is actually around culture.' Says Daniel Moore. 'To explain, one can always point out any technical issues that exists with data, inaccurate, non-standardized, inaccessible etc. But the reality is we have seen carriers and other players in the space doing great things with imperfect data. The key differentiator is data-centric cultures, that either exists or not within an organization.'

Daniel goes on to explain that organizations can and must make informed decisions based on having a set of reliable data available. It makes sense that there can always be a case for gathering additional information in a perfect scenario, but as Daniel argues, '...the expertise present must be prepared to make decisions and trust the data at their disposal.'

Heather Wentworth sees three major areas when it comes to key challenges for the data-focussed teams: privacy management, security, and data sprawl. 'The latter is not something we, (as a relatively young company) have had to deal with, but it certainly affects the industry very significantly, especially with data quality. When you combine the huge amounts of data, legacy systems and the demands of privacy and security it becomes very challenging indeed.' Security is certainly a key area to keep under focus. In February this year a cyberattack struck the computer networks at New Orleans-based Pan-American Life Insurance Group affecting 1.5 million life insurance policyholders in the US and 22 other countries. 'I think insurance is a very attractive space for attacks and therefore we must all remain vigilant and continue to innovate in order to protect our customers, partners and ourselves,' says Heather.

Sri Gopalan believes that auto insurers are increasingly addressing the need to provide on-demand solutions for drivers, a situation that has only been heightened by the ongoing COVID-19 pandemic. 'It's something that is here to stay in one shape or another and we are committed to address this need as the company goes forward.'

With this key challenge, there also comes opportunity. American Family Insurance has responded by recently launching a mileage-based solution. 'The COVID-19 pandemic continues to change consumer driving habits and consumers' expectations of how they pay for their auto insurance. The MilesMyWay program ensures that as customers' habits change, so does our service. We owe it to policy holders to continue to adapt to their needs during this unprecedented time,' says Jenny.

The global conditions have certainly meant that carriers are being asked to refocus on how customers are being served and what their requirements are. It means that insurers must be flexible in their approach and clear in their vision of the challenge that lies in front of them. This is where the data, and the

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"We are leveraging our actuarial talent... Not only do they have the data expertise, but real depth in insurance knowledge."

Daniel Moore, QBE

interpretation of said data becomes so important. Daniel puts it simply. 'Trust the data. Make informed decisions that suit customer demands, as of today.'

Data expertise requires strength in depth

Accelerant are an organization that relies on the power and the potential that data brings, both internally and for their partners and members. Heather says, 'We work very hard to build data literacy across our immediate ecosystem, so that data can be used to its fullest, whatever the application.' This education piece has its advantages. Whether it is as simple as reading a report or perhaps a more complex scenario as part of a predictive model, Accelerant are constantly looking to improve understanding amongst their troops. Seemingly departments do not present any hard borders: 'These principles tend to cross departments, so claims, underwriting; you need exposure and losses. It's through our stewardship and our collaborative approach that we are empowered to go to new places and drive innovation.'

American Family Insurance also subscribes to distributing data expertise far and wide within the organization as a means of building literacy and making intelligence available, wherever that may be. Jenny adds to this by underlining how important ubiquitous talent is: 'I rely very heavily on (the data team's) expertise, including data scientists, data engineers and data analysts. I don't think I could do my job without leveraging them.'

QBE underline the importance of the actuarial teams. 'At the same time, we are leveraging a lot of our actuarial talent that is at our fingertips too; not only do they have great data expertise but also they have real depth with insurance knowledge.' Says Daniel. Clearly QBE understand perfectly that a multifaceted approach is necessary when building overall data expertise. 'We are also building in expertise from outside industry. 'The best solution, the best insight comes from a blend of expertise, and mixing experience with creativity and fresh insight.' The influx of 'fresh blood' from outside industry is growing...

A report by McKinsey stated that companies that are most successful at reskilling and upskilling their workforces start by achieving a detailed understanding of their workforces' current capabilities and the ones the organization will need. They then craft a plan to bridge this gap. For instance, an insurer may design a training program to reskill data analysts as data scientists or to enhance existing actuarial skills within the organization with new analytics techniques.

Protecting customers' data and strengthening security across organization

'We are in the trust business. What we sell is trust. Should something go wrong we will be there to help you pick up the pieces and get on with your life; personal loss, commercial loss, whatever the case may be.' Says Daniel.

"Without a team of highly skilled data experts to draw upon, my job would become almost impossible."

Jenny Sankovsky,
American Family
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"We are in the trust business. What we sell is trust."

Dan Moore, QBE
North America

"We have successfully implemented a unified approach to privacy which puts our customers' protection at its heart."

Heather Wentworth,
Accelerant

QBE clearly go beyond any obligation and 'tick box' exercise to fulfil privacy and security over and above regulation. 'We will go beyond the core regulations' continues Daniel 'and deliver on the spirit of those regulations, not the letter of the law. We will always interpret the law in the best interest of our customers. Period.' As part of their commitment to this cause, QBE considers all aspects of safeguarding a customer's data; depersonalization, storage of data (as well as questioning what is necessary in this sense), data sensitivity; and all within the regulatory framework required.

'One of the things that we've all found when any sort of legacy technology is involved is that security and privacy become very challenging.' Says Heather Wentworth. This is certainly the case in that organizations can resort to approaches of simply layering on solutions, making it very difficult to identify where any data sits and how to classify it. Accelerant have avoided such issues by enacting an ambitious solution- that is a policy of unification. According to Wentworth:

'With our data intelligence we've moved to unified privacy. This helps avoid inconsistencies in data management. As a global organization where we encounter multiple interpretations of privacy, we can avoid any confusion. With our data intelligence in place, we can set single rules that are instantaneous and run through the entire network; that's all of our systems, all our data, the business network. This is a sustainable solution for us in that we can respond quickly to any privacy rule changes and enact amendments uniformly across our network.'

Key data-centric initiatives coming up

QBE have worked tirelessly to maximize the efficiency of their data management and through an innovative project have achieved fantastic results, as Daniel Moore explains: 'An interesting initiative is our 'Insights' project which is focused on data standardization and data democratization. Essentially it has created a standard approach to data across the organization, understanding key user roles, and provisioning access to data based on those roles. This has drastically improved efficiency and freed up time for our talented staff to focus on what is valuable; data intelligence and insights whilst reducing time spent on procuring, standardizing, and cleansing data.'

Accelerant have focussed on futuristic models of interpreting and viewing data. 'Traditionally in our industry we look at data in 2D. For us, we realized very quickly that given the high volume of quality data we have at our disposal, and the associated insights coming from that data, we could think differently about how we communicate this intelligence back to our members. Exploring 3D and mixed reality has been something that sounds futuristic, but it has almost become a necessity for us. We are at the point now where we are realizing insights in far greater detail and at greater speed. Our AI, ML and predictive models provide substantial benefits, especially when embedded within processes, but there is still a need to visualize insights, and this is another key area we are having to advance quickly. Our initial proof of concepts show that

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people find 3D analytics far more relatable compared to traditional 2D. We're still in early stages but 3D will no doubt be a significant part of our future journey.'

Jenny Sankovsky at American Family Insurance is really interested in exploring further customer behaviors, specifically commuting patterns as a means of better serving customers. 'I am a firm believer that we need to really study consumer commuting preferences as a key indicator of how behaviors are changing, especially factoring in COVID-19, and what that means for varying patterns of travel. If we can apply our technology on top of an agile model that can reflect this development, it will be a win-win for business and customer.'

Summary

Data is the driving force for all modern insurers. It guides decision-making across organization and ultimately facilitates improved customer experiences. The contributors in this whitepaper have demonstrated some clear principles that mean data can serve its purpose to the fullest.

Firstly, data must be understood as a language across departments, and utilized appropriately, depending on specific expertise and scenario. This means it will be applied in varying degrees of complexity amongst teams, whether that be data and analytics, actuarial, underwriting or claims. However, it is never entirely absent from any strategic conversation.

Secondly, this language must be accepted as an indisputable company culture that agrees it is the shining light from which all major decision-making is derived. This is part of a data-centric approach championed from the top down.

The data available must be trusted, accurate and transparent. As our customers grow, and their understanding and exposure increases, so we should learn to engage with them on this level. Finally, and most importantly, we can never lose focus on building fresh and unparalleled insight on our customers' needs, demands and expectations as defined by the data we gather. Only then can we rival other industries in achieving long-lasting, and trusted audiences for our products and services.

About us



For the industry and by the industry, we produce timely, non-generic thought-leadership content in the form of webinars, podcasts, roundtables and whitepapers. Our team are passionate about financial services innovation. We spend our time listening to senior leadership teams so that we understand exactly the challenges you are facing.

Members of The Lighthouse Collective are part of an exclusive group of individuals that both work in financial services and are dedicated to innovation in the sector. Members are worldwide and receive regular opportunities to take part in exciting webinars, podcasts and research projects. Members enjoy unrestricted access to The Lighthouse Collective's full suite of content. The Lighthouse Collective also owns and runs the industry publication 60SECS; short, snappy strategic points of view from industry CEOs and innovators.

For more information, visit the company website:
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Thank you to Aaron DiCaprio, US Head- Programs, Accelerant Holdings, Joe Zuk, Operating Partner, Altamont Capital Partners and to all that contributed

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